



Mark A. Aebi  
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Mark.A.Aebi@ConocoPhillips.com

VIA HAND DELIVERY

November 10, 2011

Mr. Robert Richards  
Assistant Regional Counsel  
Office of Regional Counsel  
U.S. Environmental Protection Agency, Region 7  
901 North 5th Street  
Kansas City, KS 66101

Re: Response to Request for Information dated September 23, 2011  
Former Lyons Diecasting Facility Site, Buckner, Missouri

Dear Mr. Richards:

This letter and the enclosed documents constitute the response of ConocoPhillips Company ("ConocoPhillips") to the above-referenced request for information. Thank you for your courtesy in granting us an extension through November 11, 2011 to respond to this request.

As the enclosed documents demonstrate, ConocoPhillips has never owned nor operated the Site in question, nor has it otherwise succeeded to any liabilities that may be associated with this Site. In preparing these responses, ConocoPhillips made a diligent search of its records and conducted an extensive investigation for available information regarding the identified Site, including public records obtained from offices of various Secretaries of State and other external sources.

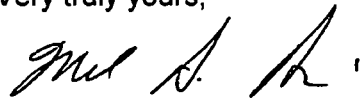
Submission of the enclosed response and the accompanying documents is not intended, and should not be interpreted or construed as, an admission or waiver of any claims, rights, or defenses of ConocoPhillips. Moreover, ConocoPhillips reserves any and all such claims, rights, and defenses, including the right to further amend or supplement its responses.



Mr. Robert Richards  
November 10, 2011  
Page 2

Please direct any further communications regarding this matter to Willette A. DuBose, HS&E Legal Specialist, ConocoPhillips Company, Downstream Group, 600 North Dairy Ashford, ML 1070, Houston, TX 77079, Phone (281) 293-6952.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Mark A. Aebi', with a stylized flourish at the end.

Mark A. Aebi  
ConocoPhillips Company  
Manager, Environmental Risk

Enclosures

cc: Paul Hamada, Senior Counsel, Legal, ConocoPhillips  
Willette A. DuBose, HS&E Legal Specialist, Legal, ConocoPhillips

**CONOCOPHILLIPS COMPANY'S RESPONSES  
TO SEPTEMBER 23, 2011 EPA REQUEST FOR INFORMATION  
Former Lyons Diecasting Facility Site, Buckner, Missouri**

These responses are based on the present knowledge, information and belief of ConocoPhillips Company ("ConocoPhillips"). ConocoPhillips reserves the right to supplement these responses when and if appropriate. ConocoPhillips does not concede the relevancy of the responses, nor does it accept or adopt as accurate any statements or implications that may be drawn from the requests themselves. ConocoPhillips also reserves all objections to the form of the requests.

These responses are not and should not be taken as an admission or waiver of any kind to the jurisdiction, statutory authority, or regulatory authority of the United States Environmental Protection Agency ("EPA") for this information request or any further investigation or action.

**QUESTIONS AND RESPONSES**

**1. Identify the person(s) answering these questions.**

ConocoPhillips is providing these responses for itself alone, and for no other person. The following individuals were consulted in the preparation of these responses. Any contact with the individuals identified below regarding this matter should be arranged through counsel for ConocoPhillips, Paul I. Hamada.

Willette A. DuBose HS&E Legal Specialist ConocoPhillips Company 600 N. Dairy Ashford, ML 1126 Houston, TX 77079 281-293-6952	Paul I. Hamada Senior Counsel ConocoPhillips Company 600 N. Dairy Ashford, ML 2050 Houston, TX 77079 281-293-1036
Jenny L. Brown Corporate Archivist ConocoPhillips Company C21 Phillips Building 420 South Keeler Avenue Bartlesville, OK 74004 918-661-7252	Ann J. Anderson Consultant, Superfund & Claims ConocoPhillips Company 1664-02 Phillips Building 420 South Keeler Avenue Bartlesville, OK 74004 918-661-4536
Mark A. Aebi Manager, Environmental Risk Risk Management & Remediation ConocoPhillips Company 1668-02 Phillips Building 420 South Keeler Avenue Bartlesville, OK 74004 918-661-1574	Pamela L. Barkeley E&P Transaction Specialist ConocoPhillips Alaska, Inc. 700 G Street Anchorage, AK 99501 907-263-4875

James F. Thompson J. Eric Weslander Lathrop & Gage, LLP 2345 Grand Boulevard Kansas City, MO 64108 816-292-2000	
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**2. Describe your relationship to Sinclair Refining Company and Sinclair Pipeline Company.**

The information ConocoPhillips has about these named entities, based on a thorough review of public documents and company records, is set out as follows. As this discussion will demonstrate, ConocoPhillips has no corporate relationship of any kind with any entity that may have succeeded to liabilities associated with this Site.

According to online records from the Maine Secretary of State, Sinclair Refining was originally incorporated in Maine as The Cudahy Refining Company on October 20, 1908.<sup>1</sup> The company changed its name to Sinclair Refining on January 25, 1917.<sup>2</sup> On August 31, 1936, two Delaware corporations, Sinclair Prairie Pipe Line Company and Sinclair Prairie Pipe Line Company (of Texas), merged into Sinclair Refining.<sup>3</sup>

Based on information enclosed with the information request, it appears that Sinclair Refining conveyed the Site to Sinclair Pipe Line Company in the 1950s. Both Sinclair Refining and Sinclair Pipe Line were subsidiaries of Sinclair Oil Corporation, a New York corporation. In 1968, Sinclair Refining merged into its parent company, Sinclair Oil.<sup>4</sup> Atlantic Richfield Company (ARCO) acquired Sinclair Oil and its subsidiaries in 1969.<sup>5</sup> Following that transaction, Sinclair Pipe Line's name was changed to ARCO Pipe Line Company on June 23, 1969.<sup>6</sup> As stated on the web site of a company currently known as Sinclair Oil,

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<sup>1</sup> "Certificate of Organization of a Corporation Under the General Law," received by Maine Secretary of State Oct. 20, 1908 (enclosed).

<sup>2</sup> Change of name document filed with Maine Secretary of State, Jan. 25, 1917 (enclosed).

<sup>3</sup> "Agreement of Consolidation and Merger" from Maine Secretary of State records, effective Aug. 31, 1936 (enclosed).

<sup>4</sup> "Plan of Liquidation by Merger and Agreement of Merger," filed with Maine Secretary of State Sept. 30, 1968 (enclosed).

<sup>5</sup> See, e.g., "History of ARCO/ampm," available by searching <http://www.bp.com>.

<sup>6</sup> "Certificate of Amendment of Sinclair Pipe Line Company," filed June 23, 1969 (enclosed).



The U.S. Federal Trade Commission subsequently required ARCO to divest itself of Sinclair assets in the western United States. This led to the sale of . . . pipelines, terminals and service stations, along with the Sinclair brand name and logo, to the Pan American Sulfur Company (PASCO).<sup>7</sup>

According to a Sinclair company Internet site, PASCO sold the Sinclair operations in 1976.<sup>8</sup> Moreover, a company tracing its roots to the old Sinclair Oil continues to operate under that name today.<sup>9</sup> ConocoPhillips has had no corporate relationship with Sinclair Oil in any of its incarnations.

In February 1991, as part of a corporate restructuring, ARCO Pipe Line was divided into two distinct legal entities.<sup>10</sup> The stated purpose of the reorganization was to conform "the legal entity structure of the Company's business operations within and without the State of Alaska to its management structure for such operations, protecting each such business from the risks and vicissitudes of the business operations carried on by the other, and enabling each such business to obtain any and all other economic and legal benefits of separate corporate existence."<sup>11</sup>

As a result of the division, "substantially all of the assets and liabilities of the Company situated or associated with the Company's activities in any state of the United States except the State of Alaska" became part of a newly organized entity that re-emerged under the ARCO Pipe Line name.<sup>12</sup> The approved plan of reorganization provided that there would be no consideration for this transaction "other than assumption . . . of the liabilities associated with the transferred assets" situated outside of Alaska.<sup>13</sup> The Alaska pipeline assets and operations were separately concentrated in the original company, renamed as ARCO Transportation Alaska, Inc.<sup>14</sup>

According to media reports, ARCO Pipe Line sold the bulk of its refined product pipeline system to Citgo Petroleum Corp. and Williams Pipe Line Company in 1994.<sup>15</sup> ARCO Pipe Line then merged, as of January 1, 1995, into Four Corners

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<sup>7</sup> "Sinclair History," available at [http://www.sinclairoil.com/history/page\\_51.html](http://www.sinclairoil.com/history/page_51.html)

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> "ARCO Pipe Line Company Unanimous Consent of the Board of Directors," Feb. 28, 1991 (enclosed).

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> "ARCO Pipeline to Sell Refined Products System," HOUSTON CHRONICLE March 11, 1994 (enclosed).

Pipe Line Company, and the surviving company was renamed, yet again, ARCO Pipe Line Company.<sup>16</sup>

UK-based BP Amoco purchased ARCO in April 2000. Under the terms of an FTC order in 2000, BP was required to divest ARCO's assets relating to oil production on Alaska's North Slope to ConocoPhillips' predecessor, Phillips Petroleum Company.<sup>17</sup> Those assets included the stock of ARCO Transportation Alaska, which was renamed Phillips Transportation Alaska, Inc. and is now known as ConocoPhillips Transportation Alaska, Inc. Phillips Petroleum did not acquire any assets or business operations outside of Alaska or otherwise succeed to liabilities for operations in any other state as part of that FTC-approved transaction.

A news release issued in July 2000 indicated that Texas Eastern Products Pipeline Co. (TEPPCO) received FTC approval to acquire the assets of ARCO Pipe Line, and planned to "integrate" the two organizations.<sup>18</sup> On July 19, 2000, ARCO Pipe Line was converted under Delaware law to a limited liability company named "ARCO Pipe Line Company L.L.C."<sup>19</sup> Two days later, the company was converted to a Delaware limited partnership named TEPPCO APL, L.P.<sup>20</sup> Yet another change took place on August 21, 2000, when TEPPCO APL, L.P. merged into TEPPCO Crude Pipeline, L.P., which later became TEPPCO Crude Pipeline, LLC, a Texas limited liability company.<sup>21</sup> According to information printed from the Texas Secretary of State's web site, an "ARCO Pipe Line Company" remains in existence today, with a Chicago, Illinois, mailing address.<sup>22</sup> ConocoPhillips has no corporate affiliation with that entity, TEPPCO, or any of their subsidiaries or affiliates.

**3. Are you the successor through mergers or did you purchase either Sinclair Refining Company or Sinclair Pipeline Company? If so, describe**

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<sup>16</sup> "Certificate of Merger of ARCO Pipe Line Company into Four Corners Pipe Line Company," filed Dec. 20, 1994 (enclosed).

<sup>17</sup> See, e.g., "Phillips to Acquire All of ARCO's Alaskan Assets for \$7 Billion," Phillips Petroleum Company press release, March 15, 2000 (enclosed); "Master Purchase and Sale Agreement," March 15, 2000 (enclosed).

<sup>18</sup> "TEPPCO Acquisition of ARCO Pipe Line Approved by Federal Trade Commission," July 18, 2000 (enclosed).

<sup>19</sup> "Certificate of Conversion of ARCO Pipe Line Company to ARCO Pipe Line Company L.L.C.," July 19, 2000 (enclosed).

<sup>20</sup> "Certificate of Conversion of ARCO Pipe Line Company L.L.C. to TEPPCO APL, L.P.," July 21, 2000 (enclosed).

<sup>21</sup> "Certificate of Merger," Aug. 21, 2000 (enclosed). See also "Certificate of Conversion to Non-Delaware Entity," June 28, 2007 (enclosed); "Certificate of Merger," June 28, 2007 (enclosed).

<sup>22</sup> See Summary of Texas Secretary of State information for ARCO Pipe Line Company, printed Nov. 2, 2011 (enclosed).

**these mergers or purchases and provide merger and/or purchase documents. Has either company been sold by you? If so, to whom and when.**

Please see the response to the previous question.

**4. Describe the details of Sinclair Refining Company or Sinclair Pipeline Company's acquisition of the real property, personal property, and/or business operations at the Site. Provide a copy of the purchase document or documents showing what aspects of the former operation you purchased and from whom.**

ConocoPhillips has been unable, despite a diligent search and reasonable inquiry, to locate any information or records in its files that may be responsive to this request. Please also see the response to question 2 above.

**5. During what period of time did Sinclair Refining Company or Sinclair Pipeline Company operate at the Site?**

ConocoPhillips has been unable, despite a diligent search and reasonable inquiry, to locate any information or records in its files that may be responsive to this request. Please also see the response to question 2 above.

**6. Where on the property did Sinclair Refining Company or Sinclair Pipeline Company operate at the Site? (Show on enclosed map.)**

ConocoPhillips has been unable, despite a diligent search and reasonable inquiry, to locate any information or records in its files that may be responsive to this request. Please also see the response to question 2 above.

**7. What type of operations did you perform at the Site? Describe these operations in detail, including types of and name of manufacturer of machinery and operating plant used.**

ConocoPhillips has no records or information indicating that it ever performed any operations of any kind at the Site. Please also see the response to question 2 above.

**8. Did you ever have any above or below ground tanks at the Site? If so, describe what was stored in the tanks, the size of the tanks, and the disposition of the tanks, contents of the tanks, and any cleanup activities related to the tanks.**

Please see the response to question 7 above. To the best of its information and belief, ConcooPhillips never operated nor owned any above or below ground tanks at the Site.

**9. Did you ever use polychlorinated biphenyls (PCBs) at the Site? If so, describe how the PCBs were used, including mixtures with any other substances.**

Please see the response to question 7 above. To the best of its information and belief, ConocoPhillips never operated at the Site and did not use PCBs there at any time.

**10. If PCBs were used at the Site, describe how the PCBs were disposed.**

Please see the response to question 9. ConocoPhillips has no records or information regarding the use or disposal of any PCBs in connection with the Site.

**11. Provide copies of documents in your possession related to the operations at the Site involving PCBs or tanks, including, but not limited to licenses, permits, and correspondence.**

Please see the response to questions 7, 9, and 10 above. ConocoPhillips has been unable, despite a diligent search, to locate any documents in its files that may be responsive to this request.

**12. When was the Site sold and to whom? Provide documentation on the sale of the Site.**

ConocoPhillips did not own or operate the Site and has no records of the disposition of the property by others, except for the deed records provided by EPA as attachments to its requests for information.

**13. Did Sinclair Refining Company or Sinclair Pipeline Company conduct any environmental investigation of the Site before purchase of the Site or at any other time? If so, provide a copy of the results of this investigation.**

ConocoPhillips has been unable, despite a diligent search and reasonable inquiry, to locate any information or records in its files that may be responsive to this request. Please also see the response to question 2 above

**15. Identify any individuals who may have knowledge of any facts called for in this information request and include a brief description of the general area of knowledge for each individual.**

ConocoPhillips is not aware of any individuals with knowledge of facts called for in this information request with respect to operations by others at the Site. The individuals identified in response to question 1 assisted in the preparation of these responses based primarily on information obtained from public sources.

**16. Describe all records currently or formerly in your possession relating to the information requested in this information request. Identify the current custodian of these records and the location of the records. If any of these records have been destroyed, state the date and methods of such destruction.**

To the best of its information and belief, ConocoPhillips did not have any involvement with the Site at any time and does not have any records of such operations. ConocoPhillips conducted a diligent search of its own corporate records in Houston, Texas and Bartlesville, Oklahoma, and even researched public records and databases from various outside sources in an attempt to answer these questions. Copies of all relevant documents obtained through those efforts are enclosed.

**17. Identify the person to whom EPA should address any future correspondence to you regarding this matter.**

Please direct any future correspondence regarding this matter to:

Willette A. DuBose  
HS&E Legal Specialist  
ConocoPhillips Company  
600 N. Dairy Ashford, ML 1126  
Houston, TX 77079  
281-293-6952

**18. If you are withholding any information or documents on the basis of attorney work-product, attorney client privilege or any other privilege, provide a complete privilege log identifying each piece of information or document believed to be privileged, and the basis of the privilege, identify the individuals who made such determinations and the information that each individual specifically reviewed; if only portions of documents are claimed as privileged, provide the document with the privileged portion redacted.**

ConocoPhillips is not withholding any responsive information or documents at this time.

**19. Identify the locations where you have searched for records. Identify any archives where records or documents are located that pertain to matters inquired about in this Information Request and describe briefly the kinds of records that each archive is expected to have and provide the name, address, telephone number and e-mail address of the Point of Contact for permission to access these records or documents.**

Please see the response to question 16 above.

**20. If you have any reason to believe that there may be persons able to provide a more detailed or complete response to any questions contained herein, or who may be able to provide additional responsive documents, identify such persons, how they may be contacted, and the additional information or documents that they may have.**

ConocoPhillips is not presently aware of any such persons, with the possible exception of other companies referenced in response to question 2 above.

**MAINE**Department of the Secretary of State  
Bureau of Corporations, Elections and Commissions

Corporate Name Search

## Information Summary

[Subscriber activity report](#)

This record contains information from the CEC database and is accurate as of: Wed Nov 02 2011 13:31:53. Please print or save for your records.

Legal Name	Charter Number	Filing Type	Status
SINCLAIR REFINING COMPANY	19080019 D	BUSINESS CORPORATION	MERGED

Filing Date	Expiration Date	Jurisdiction
10/20/1908	N/A	MAINE

**Other Names** (A=Assumed ; F=Former)

THE CUDAHY REFINING COMPANY F

**Clerk/Registered Agent**

JAMES E. MANTER

PORTLAND, ME

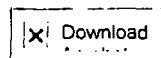
[Back to previous screen](#)[New Search](#)

Click on a link to obtain additional information.

[List of Filings](#)[View list of filings](#)

No additional information available for this entity.

You will need Adobe Acrobat version 3.0 or higher in order to view PDF files.  
If you encounter problems, visit the [troubleshooting page](#).



If you encounter technical difficulties while using these services, please contact the [Webmaster](#). If you are unable to find the information you need through the resources provided on this web site, please contact the Bureau's Reporting and Information Section at 207-624-7752 or [e-mail](#) or visit our [Feedback](#) page.

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LDS000001

THE PAR VALUE OF THE SHARES IS ONE HUNDRED DOLLARS (\$100).

nothing.

THE AMOUNT OF CAPITAL STOCK ALREADY PAID IN IS

Two hundred Dollars (\$200,000).

THE AMOUNT OF CAPITAL STOCK TO TWO HUNDRED FIFTY

THOUSAND DOLLARS.

made by statute expressly dependent upon action by or con-  
cept when the change of a by-law or resolution of a power to  
or affect the election of directors and officers, and ex-  
all by-laws of the company, except such by-laws as regulate  
the Board of Directors, who may make, alter, amend or repeal  
All the powers of the corporation are vested in

oil and gas.

petroleum and its products and other kinds and classes of  
transporting, buying, selling and dealing generally in  
To carry on the business of producing, refining,

THE PURPOSE OF SAID CORPORATION IS:

THE COMPANY RESIDES COMPANY.

THE NAME OF SAID CORPORATION IS:

October, A. D. 1908, hereby certify as follows:

COMPANY, in the City of Portland, on the 19th day of

called and held at the office of the CORPORATION TRUST

the State of the Articles of Agreement thereto, duly

read at Portland, in the State of Maine, at a meeting of

THE UNDERSIGNED, officers of a corporation organ-

-0-0-0-

UNDER THE GENERAL LAW.

CERTIFICATE OF ORGANIZATION OF A CORPORATION

-0-0-0-

STATE OF MAINE,

10/20/1908

FILED

CCN 0011908001803 ARTI

Fee Paid \$

File No. 18080019 D Pages 4



THE NAMES AND RESIDENCES of the owners of said shares are as follows:

NAMES.	RESIDENCES.	NUMBER OF SHARES.
CLARENCE E. EATON	PORTLAND, MAINE.	5
T. L. GROTEAU	PORTLAND, MAINE.	1
D. M. MAXWELL	PORTLAND, MAINE.	1
STOCK UNSUBSCRIBED AND UNISSUED		2,493
TOTAL		2,500

SAID CORPORATION is located at Portland, in the County of Cumberland.

THE NUMBER OF DIRECTORS is three (3) and their names are CLARENCE E. EATON, T. L. GROTEAU and D. M. MAXWELL.

THE NAME OF THE CLERK is James E. Hunter, and his residence is Portland, Maine.

THE UNDERSIGNED, CLARENCE E. EATON, is President;

THE UNDERSIGNED, T. L. GROTEAU, is Treasurer;

AND THE UNDERSIGNED, CLARENCE E. EATON, T. L. GROTEAU and D. M. MAXWELL, are all of the directors of

said corporation.

WITNES our hands this 19th day of October, A. D. 1908.

CLARENCE E. EATON President.

T. L. GROTEAU Treasurer.

CLARENCE E. EATON

T. L. GROTEAU Directors.

D. M. MAXWELL

STATE OF MAINE,  
COUNTY OF CUMBERLAND,

ss.:

OCTOBER NINETEENTH, A. D. 1900,

Then personally appeared CLARENCE E. RAYON, T. L.  
CROFTON and B. M. MAXWELL  
and severally swore oath to  
the foregoing certificate, that the same is true.

Before me,

JAMES E. MANTER,  
Justice of the Peace.

STATE OF MAINE.

-0-0-0-

Attorney General's Office, OCTOBER 19, A. D. 1900.

I HEREBY CERTIFY that I have examined the foregoing  
certificate, and the same is properly drawn and signed, and  
is conformable to the constitution and laws of the State.

WARREN C. PHILBROOK,  
Assistant Attorney General.

CUMBERLAND, ss.

REGISTER OF DEEDS, Received October 20, 1900, at 2.30 p. m.

P. M. Recorded in Vol. 39, Page 283

ATTEST: *Frank L. Clark*, REGISTER.

A TRUE COPY OF RECORD.

ATTEST: *Frank L. Clark*, REGISTER.

TO THE HONORABLE SECRETARY OF STATE OF MAINE:-

State of Maine, )

County of Cumberland, )

ss.

File No. 19080019 D Pages 2

Fee Paid \$

DCN 0081808001903 LNME

FILED

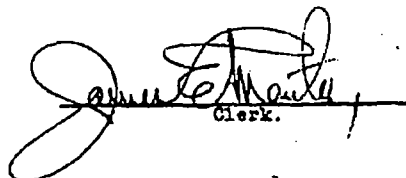
01/25/1917

I, JAMES E. MANTER, of South Portland, County of Cumberland and State of Maine, do hereby certify that I am the clerk of THE CUDAHY REFINING COMPANY, a corporation duly organized under the laws of the State of Maine, and having its principal office at Portland, Maine; that at the regular annual meeting of the stockholders of said corporation held at the principal office thereof on the 25th day of January, 1917, at which meeting all of the capital stock of said corporation issued and outstanding was represented in person or by proxy, the following resolution was unanimously adopted:-

RESOLVED, that the name of this corporation be changed from THE CUDAHY REFINING COMPANY to SINCLAIR REFINING COMPANY; that Section One of the By-laws of this corporation be and it is hereby amended to read that the name of this corporation be "Sinclair Refining Company"; and that the Clerk of this corporation file with the Secretary of Maine, a certificate of the action of this meeting containing a copy of this resolution, and that the officers of this corporation be and they are hereby authorized and directed to file such certificates or other papers with the Secretary of State or other officers of the various states in which this corporation is authorized to transact business as a foreign corporation as may be necessary or proper under the laws of each of such respective states to notify such state of the change in the name of this corporation in order that this corporation under its changed name may be fully authorized to transact business under such amended or such changed name, the same as though this corporation were still THE CUDAHY REFINING COMPANY."

I further certify that said meeting was duly and legally called and the stockholders notified in accordance with the provisions of the By-laws of said corporation, and that the action proposed to be taken at such meeting was specified in said notice.

Dated, January 25th, 1917.

  
Clerk.

LDS000005

File No. 19080019 D Pages 30  
Fee Paid \$  
DCN 0121908001903 MERG  
FILED EFFECTIVE  
08/29/1938 08/31/1938

**Agreement of Consolidation and Merger**

OF

SINCLAIR REFINING COMPANY

SINCLAIR PRAIRIE PIPE LINE COMPANY

AND

SINCLAIR PRAIRIE PIPE LINE COMPANY (OF TEXAS)

INTO

SINCLAIR REFINING COMPANY

AND

**Amended Certificate of Organization**

OF

SINCLAIR REFINING COMPANY

LDS000006

**AGREEMENT OF CONSOLIDATION AND MERGER**, dated as of the 6th day of August, 1936, made by and between **SINCLAIR REFINING COMPANY**, a corporation existing under the laws of the State of Maine (one of the constituent corporations), Party of the First Part, and **SINCLAIR PRAIRIE PIPE LINE COMPANY**, a corporation existing under the laws of the State of Delaware (also a constituent corporation), Party of the Second Part, and **SINCLAIR PRAIRIE PIPE LINE COMPANY (OF TEXAS)**, a corporation existing under the laws of the State of Delaware (also a constituent corporation), Party of the Third Part;

**WITNESSETH THAT:**

**WHEREAS**, Party of the First Part was originally organized under the laws of the State of Maine on October 19, 1908, under the name of "The Cudahy Refining Company", said name having been changed to Sinclair Refining Company by a certificate of amendment filed in the office of the Secretary of State of said State on January 25, 1917; and

**WHEREAS**, Party of the Second Part was originally organized under the laws of the State of Delaware on October 27, 1920, under the name of "Sinclair Texas Pipe Line Company", said name having been changed to Sinclair Prairie Pipe Line Company by a certificate of amendment filed in the Office of the Secretary of State of said State on March 31, 1932; and

**WHEREAS**, Party of the Third Part was originally organized under the laws of the State of Delaware on December 27, 1921, under the name of "Humphreys Pure Oil Refineries Corporation", said name having been successively changed to "Humphreys Pure Oil Company" by a certificate of amendment filed in the office of the Secretary of State of said State on February 24, 1923, to "Pure Oil Pipe Line Company of Texas" by a certificate of amendment filed in said office on February 23, 1924, and to Sinclair Prairie Pipe Line Company (of Texas) by a certificate of amendment filed in said office on March 31, 1932; and

Whereas, said three corporations desire to consolidate and merge, under the laws of the State of Maine and of the State of Delaware, into a single corporation, which shall be said Sinclair Refining Company, under and pursuant to the terms and conditions hereinafter set forth; and

Whereas, Sinclair Refining Company now has outstanding 868,706 shares of capital stock of the par value of \$50 each, and Sinclair Prairie Pipe Line Company now has outstanding 7,000 shares of capital stock of the par value of \$100 each, and Sinclair Prairie Pipe Line Company (of Texas) now has outstanding 200,000 shares of capital stock of the par value of \$25 each:

Now, therefore, said three corporations, by a majority of their directors, respectively, have agreed and do hereby agree each with the other to consolidate and merge into a single corporation, which shall be Sinclair Refining Company (one of the constituent corporations), pursuant to the laws of the State of Maine and of the State of Delaware, and do hereby agree upon and prescribe the terms and conditions of said consolidation and merger and of carrying the same into effect, as follows:

First: Sinclair Prairie Pipe Line Company and Sinclair Prairie Pipe Line Company (of Texas) shall be and hereby are merged into Sinclair Refining Company, which is one of the constituent corporations, and said three corporations are hereby consolidated into a single corporation, effective at the close of business on the 31st day of August, 1936.

Second: The name of the consolidated corporation is Sinclair Refining Company.

Third: The consolidated corporation shall possess all the rights, privileges, powers, franchises and immunities, as well of a public as of a private nature, and be subject to all the liabilities, restrictions and

duties of each of the constituent corporations; and all and singular the rights, privileges, powers, franchises and immunities of each of said constituent corporations, and all property, real, personal and mixed, and all debts due to any of said constituent corporations on whatever account, and all other things in action of or belonging to each of said constituent corporations, shall be vested in the consolidated corporation; and all property, rights, privileges, powers, franchises and immunities, and all and every other interest shall be thereafter as effectually the property of the consolidated corporation as they were of the several and respective constituent corporations, and the title to any real estate, whether by deed or otherwise, under the laws of the State of Maine, or of the State of Delaware, as the case may be, vested in any of said constituent corporations, shall not revert or be in any way impaired by reason of this merger and consolidation; provided, that all rights of creditors and all liens upon the property of any of said constituent corporations shall be preserved unimpaired, limited to the property affected by such liens at the time of this consolidation and merger, and all debts, liabilities and duties of the respective constituent corporations shall henceforth attach to the consolidated corporation and may be enforced against it to the same extent as if said debts, liabilities and duties had been incurred or contracted by it.

FOURTH: The purposes of the consolidated corporation are:

- (1) To carry on the business of producing, refining, transporting, buying, selling and dealing generally in petroleum and its products and other kinds and classes of oils and greases.
- (2) To carry on the business of producing, refining, transporting, buying, selling and dealing generally in petroleum, gas, coal and all mineral or volatile substances, and all the products and by-products thereof.
- (3) To manufacture, refine, buy, sell, market, distribute and deal generally in and with gasoline (including casinghead gasoline), kerosene, benzene, naphtha, lubricating oils, fuel oils,

greases and all other products and by-products of petroleum and of gas and other volatile or mineral substances, and all other kinds and classes of oils and greases; to manufacture packages, barrels and other receptacles for holding and shipping such products; to purchase, lease or otherwise acquire such real property and such personal property and to install, maintain, and operate such refineries, plants, machinery, tanks, pipe lines, warehouses, distributing stations, tank cars, tank wagons, trucks, automobiles, boats, barges and tugs and such other equipment and facilities as may be necessary or desirable for carrying on its business as herein stated.

(4) To buy, sell, market, distribute and deal generally in and with petroleum, gasoline (including casinghead gasoline), kerosene, benzine, naphtha, lubricating oils, fuel oils, greases and all other products and by-products of petroleum and of gas and other volatile or mineral substances, and all other kinds and classes of oils and greases, and to purchase, lease or otherwise acquire such real property and such personal property and to install, maintain and operate such plants, warehouses, tanks, distributing stations, tank cars, tank wagons, trucks, automobiles, boats, barges and tugs and such other equipment and facilities as may be necessary or desirable for the business as herein stated.

(5) To purchase or otherwise acquire, store, sell, or otherwise dispose of, import, export and deal generally in and with crude oil, gas and other volatile or mineral substances, and all products and by-products thereof.

(6) To engage in the transportation of crude oil, gas and other volatile or mineral substances and all products and by-products thereof by means of pipe lines, tramways, railroads, tank cars, tank wagons, trucks, automobiles, boats, barges and tugs and other conveyances.

(7) To explore and drill for and produce oil or gas or other volatile or mineral substances, and to acquire by purchase, lease or otherwise lands or rights or interests therein for the purpose



of producing therefrom oil, gas (including casinghead gas), or other volatile and mineral substances and for the operation of wells, refineries or plants already existing on such lands, and to develop such lands and any other lands of the corporation or any which it may be interested in by drilling wells thereon or otherwise, and to install plants, refineries, machinery and appliances in such connection, and to do all things necessary or desirable in connection with the marketing and selling of the products therefrom; and to sell, exchange or otherwise dispose of and to deal in and with all such lands, rights and interests.

(8) To purchase or otherwise acquire, sell, exchange or otherwise dispose of, deal in and with oil and gas lands, or leasehold estates or royalty interests or other interests therein and in and to oil and/or gas produced therefrom.

(9) To acquire by purchase, exchange, lease or otherwise and to maintain and operate pipe lines, gathering lines, rights of way for the same, pump stations, tanks and tank stations, tank farms, power sources, power plants operated by electricity, steam and other power, telegraph and telephone lines; storage and material yards, buildings, water and gas lines, reservoir and water works, tank cars, tank wagons, trucks, automobiles, boats, barges and other conveyances, and in general to acquire by purchase or otherwise any and all property of whatever kind necessary or incidental for the purpose and conduct of the business of the corporation.

(10) To purchase, lease and otherwise acquire, own, exchange, hold, occupy, use and develop coal lands and other real estate and property necessary and convenient for the purpose of the organization and for carrying on the business of the corporation; to mine or otherwise extract or remove from any lands owned, leased, acquired or occupied by the corporation coal and such other minerals as may be incidentally developed, and to manufacture coke, and other products of such minerals; to transport and sell said coal and coke and said other minerals and products; to purchase, acquire, erect, hire and maintain all rolling stock, boats, barges, plants and machinery and other prop-

erty necessary and convenient for the carrying on of the business of the corporation; and to construct, maintain, own and control any roads, ways, private railways, private tramways, bridges, and water courses as may be necessary and convenient for the carrying on of said business.

(11) To search for, prospect and explore for ores and minerals and to locate mining claims, grounds or lodes in the United States of America or the territories thereof or in foreign countries, and record the same pursuant to the mining laws of the said United States or other countries; to acquire by grant, concession, purchase or otherwise mining and mineral rights or interest therein from any government, or from any authority, individual, or otherwise, and to perform and fulfill the conditions thereof.

(12) To purchase, lease, or otherwise acquire, hold in fee simple or upon royalty or rental or otherwise, own, exchange or otherwise dispose of, mortgage, hypothecate and deal in minerals and mineral lands of all kinds, oil, coal, and timber lands, personal estate, water and water rights, mining property, mill sites, tunnel sites, or interests in the same, and such other property as may be advantageous for the development of the same.

(13) To bore, drill, prospect and mine for all kinds of ores, metals, minerals, oils, gas and coal, and to mill, convert, prepare for market and otherwise produce the same and the products and by-products thereof of every kind and description and by whatever process the same can be or may be hereafter produced.

(14) To carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, marketing, exchanging and otherwise dealing in all kinds of ores, metals, minerals, coal and the products and by-products thereof of every kind and description.

(15) To construct, maintain, improve, equip, manage, control and superintend any roads, ways, private railways, private tramways, bridges, reservoirs, water courses, aqueducts, wharves,

piers, docks, bulkheads, furnaces, mills, crushing, concentrating and smelting works, hydraulic works, factories, warehouses and dwelling houses; to purchase vessels, rolling stock or other means of transportation except railroads other than private railroads, and to equip and operate the same as required for the uses and purposes of the corporation.

(16) To manufacture, purchase, lease, rent, acquire, erect, hold, use, sell and dispose of any mining, milling, or smelting machinery and tools and materials suitable for or applicable to carrying out the purposes of the corporation; and to do and perform any and every act, work and labor necessary or advisable for the due economical and skillful working of mines and for the milling, smelting, reduction, extraction, transportation and sale of ores and minerals.

(17) To build, construct, charter, purchase, buy, lease or otherwise acquire and afterwards to equip, install with machinery, furnish, own and hold and run, navigate, sail and operate ships, boats, launches, barges, flats, lighters, ferry boats, tugs, canal boats, vessels, craft and conveyances of any, every and all character, class and description, plying upon water and propelled by steam, sail, electricity, internal combustion engines or any other power of propulsion now known or hereafter discovered (all of which will be embraced within the one word "vessels" wherever hereinafter used) and any and all interests therein or rights and privileges connected therewith and any and all equipment, furniture, or property used or employed therein or thereabout.

(18) To run, navigate, propel, sail and operate the said vessels upon any and all of the oceans, seas, estuaries, bays, sounds, gulfs, harbors, rivers, lakes, canals, water ways and waters of the world, whether salt, fresh or inland.

(19) To build, erect, construct, purchase, buy, lease, charter or otherwise acquire and afterwards to equip, install with machinery, own, hold, run, conduct and operate wharves, piers, docks, slips, dry docks, bulkheads, basins, landings, elevators,

terminals, warehouses, cold storage houses, storehouses, bins, pockets, chutes, transfers, ferries, and all other like structures, appliances and apparatus.

(20) To build, erect, construct, purchase, buy, lease, charter or otherwise acquire and afterwards to equip, install with machinery, own, hold, run, conduct and operate any and all ship yards, manufacturing plants for the building, manufacture, construction, installing and equipping of vessels and any and all boilers, engines (internal combustion and otherwise), appliances, machinery, apparatus, furniture and equipment necessary or convenient for or appurtenant to such vessels, and to that end to buy, purchase, lease or otherwise acquire such land as may be necessary or convenient for such yards and manufacturing plants.

(21) To carry on the business of buying, leasing, chartering, obtaining, acquiring, purchasing, dealing in, vending, trafficking in, selling and otherwise disposing of and using and handling vessels and all machinery, furniture, stores, apparatus, appliances, and equipment used in, about, upon or in connection with the same.

(22) To carry on the business of chartering, freighting, elevating, lightering, storing, wharfing, warehousing, cold storing, forwarding, docking and berthing any of the said vessels; and receiving, loading, unloading, transporting, storing, cold storing, warehousing, elevating, and forwarding by car, vessel and in any other way, goods, wares, merchandise, freight and any other commercial commodity or thing of value of any and every nature, character and kind, and the doing of any act or thing connected with or incidental to such business or businesses, including the issuing of all certificates, receipts or other written evidence or contracts, usual, customary, necessary or convenient in carrying on and conducting the said business or any of them:

(23) To engage in the business of carrying and transporting for hire mails, passengers and goods, wares, merchandise, animals, livestock, and freight of any and all kinds, character and nature whatsoever to, from, in and between the various

cities, towns, places, ports, countries and nations of the world by means of the said vessels, or to procure and enter into contracts for such services.

(24) To engage in the business of towing, lightering, salvaging and wrecking of the said vessels (and their furniture and equipment) used in commerce and navigation, either for hire or pleasure, and any and all property used and employed in such trade or business and to do each and every other thing necessary for or pertaining to such business.

(25) To do a general transportation and navigation business and in conjunction therewith to do a general express business in the full scope and meaning of the term thereof; to do a general trucking and express business; to receive, handle, ship, forward and transport goods, wares, merchandise and freight of all kinds by land or water.

(26) To apply for, obtain, register, lease, purchase, or otherwise acquire, and to hold, use, own, operate and introduce and to sell, assign, or otherwise dispose of any trade-marks, trade-names, patents, inventions, improvements and processes used in connection with or secured under letters patents of the United States or elsewhere or otherwise; and to use, exercise, develop, grant licenses in respect of, or otherwise turn to account any such trade-marks, patents, licenses, processes and the like, or any such property or rights.

(27) To borrow or raise money to any amount; to issue bonds, notes, debentures, collateral trust certificates or other obligations, secured or not secured, of any nature or in any manner, for payment of moneys borrowed or in payment for property acquired or for any other objects or purposes of the corporation, and to secure the same by one or more mortgages or deeds of trust or pledge or other lien upon all or any part of the property, rights, and privileges of the corporation, real, personal or mixed, of every description whatsoever, wheresoever situated, acquired or to be acquired.

(28) To acquire by purchase, lease or otherwise upon such terms and conditions and in such manner as the Board of Directors of the corporation shall determine or agree to, and to the extent which the same may be allowed by the laws of the State of Maine, all or any part of the property, real and personal, tangible or intangible, of any nature whatsoever, including good will, business and rights of all kinds, of any other corporation or of any person, firm or association, which may be useful or convenient in the business of the corporation, and to pay for the same in cash, stocks, bonds or any other securities of the corporation, or partly in cash and partly in such stocks, bonds or other securities or in such other manner as may be agreed, and to hold, possess and improve such properties, and to conduct in any legal manner, the whole or any part of the business so acquired, and to pledge, mortgage, sell or otherwise dispose of the same.

(29) To guarantee, purchase, hold, sell, assign, transfer mortgage, pledge or otherwise dispose of, the shares of the capital stock of or any bonds, securities or evidences of indebtedness created by any other corporation or corporations of any state of the United States, country, nation or government, and while owner of said stock to exercise all the rights, powers and privileges of ownership including the right to vote thereon.

(30) To purchase, hold, improve, sell, exchange, or otherwise dispose of real estate in any of the states, districts, territories, or dependencies of the United States, and in any and all foreign countries, subject to the laws of such state, district, territory, dependency or foreign country.

(31) To conduct its business and all or any of its branches, so far as may be permitted by the laws of the State of Maine, in other states of the United States of America and in the territories and in the District of Columbia, and in any and all dependencies or colonies of the United States and in foreign countries, and for and in connection with such business, to hold, devise, purchase, mortgage, convey and sell real and personal property either within or anywhere without the State of Maine, and to maintain offices and agencies either within or anywhere without the State of Maine.

(32) In general, to do any or all of the things hereinbefore set forth, and such other things as are incidental or conducive to the attainment of the objects and purposes of the corporation, as principal, factor, agent, contractor or otherwise, either alone or in conjunction with any person, firm, association or corporation and in carrying on its business and for the purpose of attaining or furthering any of its objects to make and perform contracts, and to do such acts and things and to exercise any and all such powers to the same extent as a natural person might or could lawfully do to the extent allowed by law.

(33) The foregoing enumeration of purposes shall in no wise be deemed to restrict the corporation in general to do any and all things and exercise any and all powers which may now or hereafter be lawful for the corporation to do or exercise under and in pursuance of the laws of the State of Maine or of any other law which may be now or hereafter applicable to the corporation; and the matters expressed in each clause shall, unless and except as otherwise expressly provided, be in no wise limited by reference to, or inference from the terms of any other clause, but shall be regarded as independent purposes.

(34) Provided, however, that nothing herein contained shall be construed to authorize the corporation to transact business in any state, territory or foreign country contrary to the provisions of the laws of such state, territory or foreign country, and that nothing herein contained shall be construed to give the corporation any rights, powers or privileges not permitted by the laws of the State of Maine to corporations organized under Chapter 51 of the Revised Statutes of the State of Maine, 1916, and all acts amendatory thereof or additional thereto.

Fifth: The consolidated corporation shall have perpetual existence.

Sixth: The private property of the stockholders of the consolidated corporation shall not be subject to the payment of corporate debts to any extent whatever, and no action of the consolidated corpo-

ration shall constitute and be deemed as an assent of such stockholders to such liability by reason of any constitutional or statutory provision of any other state.

**SEVENTH:** The By-laws of SINCLAIR REFINING COMPANY shall remain and be the By-laws of the consolidated corporation until the same shall be altered or amended according to the provisions thereof, either by the Board of Directors or by the stockholders of the consolidated corporation. The Board of Directors of the consolidated corporation shall have power to make and alter by-laws for such corporation by a majority vote of the Board.

**EIGHTH:** The number of directors of the consolidated corporation shall be eighteen. The names and residences of the first Board of Directors are as follows:

<i>Names</i>	<i>Residences</i>
Sheldon Clark .....	135 South LaSalle St., Chicago, Ill.
J. W. Carnes .....	630 Fifth Ave., New York, N. Y.
J. Fletcher Farrell .....	630 Fifth Ave., New York, N. Y.
H. H. Fuller .....	630 Fifth Ave., New York, N. Y.
H. R. Gallagher .....	630 Fifth Ave., New York, N. Y.
E. W. Isom .....	630 Fifth Ave., New York, N. Y.
G. E. Lord .....	630 Fifth Ave., New York, N. Y.
J. M. O'Day .....	630 Fifth Ave., New York, N. Y.
H. B. Malone .....	630 Fifth Ave., New York, N. Y.
E. W. Sinclair .....	630 Fifth Ave., New York, N. Y.
H. F. Sinclair .....	630 Fifth Ave., New York, N. Y.
L. V. Stanford .....	630 Fifth Ave., New York, N. Y.
✓ Geo. H. Taber, Jr. ....	630 Fifth Ave., New York, N. Y.
P. W. Thirtle .....	630 Fifth Ave., New York, N. Y.
A. E. Watts .....	630 Fifth Ave., New York, N. Y.
John R. Manton .....	Tulsa, Oklahoma
C. H. Kounitz .....	Independence, Kansas
E. H. Chandler .....	Tulsa, Oklahoma



NINTH: The amount of the capital stock of the consolidated corporation shall be \$50,000,000, divided into 500,000 shares of the par value of \$100 each.

TENTH: The manner of converting the shares of stock of each of the constituent corporations into shares of the consolidated corporation shall be as follows:

- (a) The 868,706 shares of the capital stock of SINGLARK REVENUE COMPANY now outstanding shall be converted into 470,000 shares of the capital stock of the consolidated corporation.
- (b) The 7,000 shares of the capital stock of SINGLARK PRAIRIE PIPE LINE COMPANY now outstanding shall be converted into 130,000 shares of the capital stock of the consolidated corporation.
- (c) The 200,000 shares of the capital stock of SINGLARK PRAIRIE PIPE LINE COMPANY (OF TEXAS) now outstanding shall be converted into 50,000 shares of the capital stock of the consolidated corporation.

The shares of the constituent corporations hereinbefore authorized to be converted shall be presented and surrendered to the consolidated corporation and in exchange therefor, the owners and holders of the said shares of the said constituent corporations shall be entitled to receive the shares of the consolidated corporation in the number and in the amounts hereinbefore indicated and authorized *pro rata* in accordance with their respective holdings of shares of said constituent corporations, respectively.

Upon the issuance in the amounts and in the manner hereinbefore in this Paragraph Tenth indicated, authorized and provided, the said capital stock of the consolidated corporation, so issued and outstanding, shall be deemed to be duly and legally issued and fully paid and non-assessable.

**ELEVENTH:** The consolidated corporation shall be located at Portland, in the County of Cumberland, State of Maine. The name of the Clerk is A. B. Farnham, residence Portland, Maine.

**TWELFTH:** This agreement is executed in compliance with the provisions of Chapter 56 of the Revised Statutes of 1930 of the State of Maine, which are hereby stated to be the laws that shall govern the consolidated corporation.

**THIRTEENTH:** The consolidated corporation agrees that it may be served with process in the State of Delaware in any proceeding for enforcement of any obligation of any constituent corporation of said State, including any amount fixed by appraisers pursuant to the provisions of Section 61 of Chapter 65 of the Revised Code of 1915 of said State, as amended, and does hereby irrevocably appoint the Secretary of State of the State of Delaware as its agent to accept service of process in an action for the enforcement of payment of any such obligation or any amount fixed by appraisers as aforesaid and does hereby specify the office of the corporation at No. 443 Congress Street, Portland, Maine, as the address to which a copy of such process shall be mailed by said Secretary of State.

**IN WITNESS WHEREOF** Sinclair Refining Company has caused this Agreement to be executed in triplicate by its President thereunto duly authorized by a majority of its Board of Directors and under its corporate seal duly attested by its Secretary, and the Agreement has been signed in triplicate by a majority of the Directors of Sinclair Prairie Pipe Line Company and by a majority of the Directors of Sinclair Prairie Pipe Line Company (of Texas) under the respective corporate

seals of said respective corporations and duly attested by their respective Secretaries, all as of the 6th day of August, 1936.

SINCLAIR REFINING COMPANY,  
(Organized under the Laws of the State of Maine.)

*[Signature]*  
President.

Secretary.

*[Signature]*  
*[Signature]*  
*[Signature]*  
*[Signature]*  
*[Signature]*  
*[Signature]*

Being a majority of the directors of  
Sinclair Prairie Pipe Line Company.  
(Organized under the Laws of the State of Delaware.)

Attest:

*[Signature]*  
Secretary.

*[Signature]*  
*[Signature]*  
*[Signature]*  
*[Signature]*  
*[Signature]*  
*[Signature]*

Being a majority of the directors of  
Sinclair Prairie Pipe Line Company (of Texas)  
(Organized under the Laws of the State of Delaware.)

Attest:

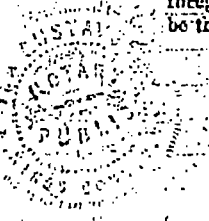
*[Signature]*  
Secretary.

STATE OF NEW YORK, }  
COUNTY OF NEW YORK, } ss.:

BE IT REMEMBERED that on this 21 day of August, 1936, personally appeared before me the undersigned Wm. Gustavson Notary Public within and for the County and State aforesaid, E. W. Sinclair as President of Sinclair Refining Company, one of the parties to the within and foregoing agreement known to me and known to me to be such President and duly acknowledged the execution of the within and foregoing instrument as such President and acknowledged the same to be the act, deed and agreement of said Corporation.

Wm. Gustavson

Notary Public.



STATE OF OKLAHOMA, } ss.:  
COUNTY OF TULSA, }

E. B. Hanna being duly sworn on his oath, deposes and says; that he is Secretary of SINGLAIK PRAIRIE PIPE LINE COMPANY, a corporation organized and existing under the laws of the State of Delaware and one of the corporations described in the above and foregoing instrument, and as such Secretary has charge of the corporate books and records of said Corporation; that he is acquainted with the signatures of J. R. Mamon, C. H. Kuntz, Edward H. Chandler, R. B. Hanna, C. R. Sloan, Frank Hedley.

and that the signatures of each of said individuals to the within and foregoing agreement is the signature of such individual and that said individuals are duly elected, qualified and acting directors of said SINGLAIK PRAIRIE PIPE LINE COMPANY and that they constitute a majority of the Board of Directors of said corporation; that he knows the seal of said corporation and that the seal affixed to said instrument is such corporate seal and was so affixed by the undersigned as Secretary of said corporation.

Subscribed and sworn to before  
me this 24<sup>th</sup> day of August, 1936.

*Hypocrite R. Clift* *E. B. Hanna*

*Notary Public, State of Oklahoma*

*My commission expires Mar. 2, 1937.*

STATE OF KANSAS,  
COUNTY OF MONTGOMERY, } ss.:

R. B. HANNA being duly sworn on his oath, deposes and says: that he is Secretary of SINCCLAIR PRAIRIE PIPE LINE COMPANY (of Texas), a corporation organized and existing under the laws of the State of Delaware and one of the corporations described in the above and foregoing instrument, and as such Secretary has charge of the corporate books and records of said Corporation; that he is acquainted with the signatures of

*J. R. Marion, C. H. Kauntz, Edward H. Chandler,  
R. B. Hanna, A. D. Sloan, Frank Hadley*

and that the signatures of each of said individuals to the within and foregoing agreement is the signature of such individual and that said individuals are duly elected, qualified and acting directors of said SINCCLAIR PRAIRIE PIPE LINE COMPANY (of Texas) and that they constitute a majority of the Board of Directors of said Corporation; that he knows the seal of said Corporation and that the seal affixed to said instrument is such corporate seal and was so affixed by the undersigned as Secretary of said Corporation.

Subscribed and sworn to before  
me this ~~thirteenth~~ day of August, 1936. }

*L. L. Vannorman*  
Notary Public, Montgomery County,  
State of Kansas.

My Commission Expires March 7, 1938



## Sinclair Refining Company

## Certificate

I, O. M. Gensberg, the duly elected, qualified and acting Secretary of Sinclair Refining Company, a Maine corporation, do hereby certify that at a special meeting of the Board of Directors of said corporation duly called and held August 5th, 1936, upon notice given pursuant to the General Corporation Law of the State of Maine and in accordance with the By-Laws of the corporation, at which meeting a quorum was present and voting, the following resolutions were adopted by the affirmative votes of a majority of the Directors of the Corporation, and are still in full force and effect, to-wit:

Resolved that this Corporation enter into an agreement, under the provisions of Chapter 56 of the revised Statutes of 1930 of the State of Maine and pursuant to the Corporation Laws of the State of Delaware, with Sinclair Prairie Pipe Line Company, a Delaware corporation, and Sinclair Prairie Pipe Line Company (of Texas), a Delaware corporation, to consolidate said three corporations into a single corporation organized and existing under the laws of the State of Maine, the same to be this Corporation; and be it further

Resolved that the consolidation agreement between and among this Corporation and the said Sinclair Prairie Pipe Line Company, and said Sinclair Prairie Pipe Line Company (of Texas), as presented to the meeting, prescribing the terms and conditions of such proposed consolidation and merger and the mode of carrying the same into effect, be, and the same hereby is, approved by the Board of Directors of this Corporation; and be it further

Resolved that the President or a Vice President of this Corporation be, and he hereby is, authorized and directed to enter into and execute such agreement on behalf of this Corporation and to duly acknowledge the execution of the same on behalf of this Corporation, and the Secretary or an Assistant Secretary be, and he hereby is, authorized and directed to attest the same and affix the corporate seal thereto; and be it further

Resolved that, subject to approval of the stockholders of the Corporation, the proper officers of this Corporation be, and they hereby are, authorized and directed to execute, acknowledge and deliver any and all necessary papers and to take any and all acts necessary, and to do any and all things required after said approval by the stockholders of this Corporation, to carry into effect said consolidation; and be it further

Resolved that a special meeting of the stockholders of this Corporation be called and held separately at the office of the Corporation at Portland, Maine, on August 17th, 1936, for the purpose of taking the said agreement into consideration and submitting the same for adoption or rejection by the stockholders.

Witness my hand as Secretary of the Corporation and the corporate seal hereunto affixed this 31st day of August, 1936.

*W. H. Bersting*

Secretary of Sinclair Refining Company.



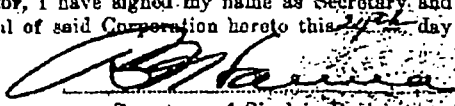
## Sinclair Prairie Pipe Line Company

## Certificate

I, the undersigned, R. B. HANNA, the duly elected, qualified and acting Secretary of Sinclair Prairie Pipe Line Company, a Delaware corporation, do hereby certify in accordance with the provisions of Section 59 of the General Corporation Law of the State of Delaware, as amended:

That the within and foregoing agreement of consolidation and merger of Sinclair Refining Company, a Maine corporation, and Sinclair Prairie Pipe Line Company, a Delaware corporation, and Sinclair Prairie Pipe Line Company (of Texas), a Delaware corporation, into a single corporation the same to be one of said constituent corporations, to-wit, said Sinclair Refining Company, a corporation organized and existing under the laws of the State of Maine, was submitted to the stockholders of said Sinclair Prairie Pipe Line Company at a meeting thereof duly convened and held separately for the purpose of taking the same into consideration; that said meeting was duly held upon waiver of notice signed by the holders of all of the issued and outstanding shares of the capital stock of the corporation pursuant to Section 80 of the General Corporation Law, Revised Code of 1935, Section 81, of Delaware, and in accordance with the provisions of said Section 59 of the General Corporation Law of the State of Delaware, as amended, and that at said meeting said agreement of consolidation and merger was considered and a vote by ballot, in person or by proxy, was taken for the adoption or rejection of the same; that there was present or represented by proxy at said meeting stockholders representing all of the issued and outstanding shares of the capital stock of the Corporation, each share entitling the holder thereof to one vote; and that the votes of the stockholders of said Corporation representing the total number of shares of its capital stock were for the adoption of said agreement of consolidation and merger.

IN WITNESS WHEREOF, I have signed my name as Secretary and affixed the corporate seal of said Corporation hereto this 27th day of August, 1936.

  
Secretary of Sinclair Prairie  
Pipe Line Company.


## Sinclair Prairie Pipe Line Company (of Texas)

## Certificate

I, the undersigned, R. B. HARRIS, the duly elected, qualified and acting Secretary of Sinclair Prairie Pipe Line Company (of Texas), a Delaware corporation, do hereby certify in accordance with the provisions of Section 59 of the General Corporation Law of the State of Delaware, as amended;

That the within and foregoing agreement of consolidation and merger of Sinclair Refining Company, a Maine corporation, and Sinclair Prairie Pipe Line Company, a Delaware corporation, and Sinclair Prairie Pipe Line Company (of Texas), a Delaware corporation, into a single corporation the same to be one of said constituent corporations, to-wit, said Sinclair Refining Company, a corporation organized and existing under the laws of the State of Maine, was submitted to the stockholders of said Sinclair Prairie Pipe Line Company (of Texas) at a meeting thereof duly convened and held separately for the purpose of taking the same into consideration; that said meeting was duly held upon waiver of notice signed by the holders of all of the issued and outstanding shares of the capital stock of the corporation pursuant to Section 80 of the General Corporation Law, Revised Code of 1935, Section 81, of Delaware, and in accordance with the provisions of said Section 59 of the General Corporation Law of the State of Delaware, as amended, and that at said meeting said agreement of consolidation and merger was considered and a vote by ballot, in person or by proxy, was taken for the adoption or rejection of the same; that there was present or represented by proxy at said meeting stockholders representing all of the issued and outstanding shares of the capital stock of the corporation, each share entitling the holder thereof to one vote; and that the votes of the stockholders of said Corporation representing the total number of shares of its capital stock were for the adoption of said agreement of consolidation and merger.

In WITNESS WHEREOF, I have signed my name as Secretary and affixed the corporate seal of said Corporation hereto this 25<sup>th</sup> day of August, 1936.

  
Secretary of Sinclair Prairie Pipe Line  
Company (of Texas)

## Sinclair Refining Company

## Certificate

I, the undersigned, A. B. FARNHAM, Clerk of Sinclair Refining Company, a Maine corporation, do hereby certify, in accordance with the provisions of Chapter 56 of the revised statutes of 1930 of the State of Maine:

That the within and foregoing agreement of consolidation and merger of Sinclair Refining Company, a Maine corporation, Sinclair Prairie Pipe Line Company, a Delaware corporation, and Sinclair Prairie Pipe Line Company (of Texas), a Delaware corporation, into a single corporation, the same to be said Sinclair Refining Company, a Maine corporation, was submitted to the stockholders of Sinclair Refining Company, a Maine corporation, at a meeting of stockholders duly called separately for the purpose of taking the same into consideration, said meeting being held on the 17th day of August, 1936, at the office of the Company in Portland, Maine;

That at said meeting there was represented in person or by proxy stockholders holding more than two-thirds of the outstanding stock of the Corporation and representing more than two-thirds of the voting power of the Corporation;

That at said meeting said agreement of consolidation and merger was considered and a vote was taken for the adoption or rejection of said agreement and the said agreement was adopted by the unanimous vote of all shares of stock represented at said meeting and by the vote of stockholders representing more than two-thirds of the voting power of said Corporation.

IN WITNESS WHEREOF, I have made this certificate to comply with Section 63 of the General Corporation Law of the State of Maine and have duly affixed the corporate seal thereto this 27 day of August, 1936.

  
Clerk of Sinclair Refining Company.

IN WITNESS WHEREOF and in conformity with the provisions of the General Corporation Law of the State of Maine and with the provisions of the General Corporation Law of the State of Delaware each of said corporations hereinbefore mentioned and described, to-wit: Sinclair Refining Company, Sinclair Prairie Pipe Line Company and Sinclair Prairie Pipe Line Company (of Texas), respectively, has caused this instrument, consisting of the foregoing and all thereof, to be executed in its name and on its behalf by its President or Vice President thereunto duly authorized and to be attested by its Secretary or Assistant Secretary and has caused its respective corporate seal to be hereunto affixed as of the 25th day of August, 1936.

SINCLAIR REFINING COMPANY,  
(Organized under the Laws of the State of Maine)

By [Signature]

President.

[Signature]  
Secretary.

SINCLAIR PRAIRIE PIPE LINE COMPANY,  
(Organized under the Laws of the State of Delaware.)

By [Signature]

President.

Attest: [Signature]

Secretary.

SINCLAIR PRAIRIE PIPE LINE COMPANY (OF TEXAS),  
(Organized under the Laws of the State of Delaware.)

By [Signature]

President.

Attest: [Signature]

Secretary.

STATE OF NEW YORK, }  
COUNTY OF NEW YORK, } ss.:

BE IT REMEMBERED that on this 27 day of August, 1936 personally appeared before me the undersigned Ida Kuslaven a Notary Public within and for the County and State aforesaid, E. W. SINCLAIR as President of Sinclair Refining Company, one of the parties to the within and foregoing agreement known to me and known to me to be such President and duly acknowledged the execution of the within and foregoing instrument as such President and acknowledged the same to be the act, deed and agreement of said Corporation.

Ida Kuslaven  
Notary Public

STATES OF OKLAHOMA, } ss.:  
COUNTY OF TULSA,

BE IT REMEMBERED that on this 24<sup>th</sup> day of August, 1936, before me Thomas R. Cliff, a Notary Public within and for the above named County and State personally came J. R. MAXION, President of Sinclair Prairie Pipe Line Company, one of the parties described in and which executed the within and foregoing agreement of consolidation and merger, known to me personally to be such President of said Corporation and duly acknowledged the execution of the same as such President and acknowledged said Agreement to be his act and deed and the act, deed and agreement of said Corporation and the seal thereto affixed to be the common corporate seal of said Corporation duly affixed by its authority, and that the signing, sealing, acknowledgment and delivery of said Agreement was duly authorized by a resolution of its Board of Directors.

Given under my hand and seal of office the day and year aforesaid.

Thomas R. Cliff

Notary Public

State of Oklahoma

My commission expires Mar. 2, 1937.

STATE OF KANSAS,  
COUNTY OF MONTGOMERY, } ss.:

BE IT REMEMBERED that on this 25<sup>th</sup> day of August, 1936, before me L. L. Thompson a Notary Public within and for the above named County and State personally came J. R. MANNON, President of Sinclair Prairie Pipe Line Company (of Texas) one of the parties described in and which executed the within and foregoing Agreement of consolidation and merger, known to me personally to be such President of said Corporation and duly acknowledged the execution of the same as such President and acknowledged said Agreement to be his act and deed and the act, deed and agreement of said Corporation and the seal thereto affixed to be the common corporate seal of said Corporation duly affixed by its authority and that the signing, sealing, acknowledgment and delivery of said Agreement was duly authorized by a resolution of its Board of Directors.

Given under my hand and seal of office the day and year aforesaid.

L. L. Thompson

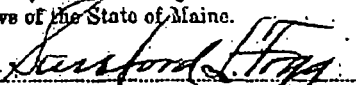
Notary Public.

My Commission Expires March 7, 1938

August 18, 1936.

STATE OF MAINE,  
ATTORNEY GENERAL'S OFFICE.

I hereby certify that I have examined the foregoing consolidation agreement and the same is properly drawn and signed and is conformable to the Constitution and Laws of the State of Maine.

  
 DEPUTY Attorney General.

 COMMISSIONER,  
 REGISTRY OF DEEDS, } ss.:

 Received August 29, 1936 at 2 h 50 m. P. M. Recorded  
 in Book 68, Page 35

  
 Register.

A TRUE COPY OF RECORD

Attest:

  
 REGISTRAR
~~STATE OF MAINE,~~~~OFFICE OF SECRETARY OF STATE,~~~~AUGUSTA, August 18, 1936.~~~~Received and filed this day. Recorded in Vol. , Page .~~~~Secretary of State~~~~Attest:~~



Sinclair Refining Company  
Sinclair Oil & Gas Company

Merger of above into Sinclair  
Oil Corporation, a N.Y. corp.

Vol. 22 Page 260  
29 131-144

File No. 19080019 D Pages 11  
File No. 19160020 D  
Fee Paid \$  
DCN 0191908001903 MERG  
FILED EFFECTIVE  
09/30/1968 09/30/1968

# STATE OF MAINE

Office of Secretary of State

Augusta, Sept. 30, 1968

Received and filed this day 09:30AM

AL1551

Deputy Secretary of State

Recorded in Vol. 58 Page 4604470

PLAN OF LIQUIDATION BY MERGER AND AGREEMENT OF MERGER

between

Sinclair Refining Company and

Sinclair Oil & Gas Company,

Maine corporations, and

Sinclair Oil Corporation,

a New York corporation hereinafter sometimes referred to as "the Corporation", this Plan and Agreement constituting

(i) the plan of liquidation of said Maine corporations as contemplated by the provisions of section 332 of the Internal Revenue Code of 1954, as amended,

(ii) the plan of merger of said Maine corporations into the Corporation as contemplated by the provisions of Section 905 of the New York Business Corporation Law, and

(iii) the agreement for such merger as contemplated by the provisions of Section 245 of Title 13 of the Revised Statutes of Maine of 1964.

1. The name of each subsidiary corporation to be merged is as follows:

Sinclair Refining Company

Sinclair Oil & Gas Company

The name of the surviving corporation is Sinclair Oil Corporation. Sinclair Refining Company was formed under the name The Cudahy Refining Company; Sinclair Oil & Gas Company was formed under the name Sinclair Oil and Gas Company; Sinclair Oil Corporation was formed under the name Sinclair Consolidated Oil Corporation.

2. The designation and number of outstanding shares of each class of each subsidiary corporation to be merged are as follows:

<u>Name of subsidiary</u>	<u>Designation and number of outstanding shares of each class</u>
Sinclair Refining Company	650,000 shares of capital stock, par value \$100 per share
Sinclair Oil & Gas Company	111,210 shares of capital stock, par value \$100 per share

The surviving corporation owns all of such shares. The number of any such shares is not subject to change prior to the effective date of the merger.

3. The terms and conditions of the merger are as follows:

(a) The corporate existence of the surviving corporation shall continue under the laws of the State of New York.

(b) Upon the effective date of the merger, all shares of said Maine corporations shall cease to exist and the certificates therefore shall be canceled, and all shares of stock of the surviving corporation shall remain unchanged.

(c) The Certificate of Incorporation, as amended, and the By-Laws of the Corporation shall continue to be the Certificate of Incorporation and By-Laws of the surviving corporation on and after the effective date of the merger, as changed or amended as provided therein or by the laws of the State of New York, and the directors of the Corporation on the effective date of the merger shall be the directors of the surviving corporation until the expiration of the terms for which they were elected and until their successors have been elected and qualified.

4. The mode of carrying the merger into effect shall be as follows:

(a) This Plan and Agreement shall be submitted for adoption by the Board of Directors of the Corporation in accordance with the provisions of Sections 905 and 907 of the New York Business Corporation Law and for adoption by the Board of Directors and the sole stockholder of each of said Maine corporations in accordance with the provisions of Sections 243 and 245 of Title 13 of the Revised Statutes of Maine of 1964.

(b) Subject to the adoption of this Plan and Agreement by the Board of Directors of the Corporation and by the Board of Directors and the sole stockholder of each of said Maine corporations, the Certificate of Merger shall be delivered to the New York Department of State for filing as provided in Section 905 of the New York Business Corporation Law and this Plan and Agreement, as adopted as aforesaid and as authorized, adopted, approved, signed and acknowledged as required by Section 245 of Title 13 of the Revised Statutes of Maine of 1964, shall be filed in the office of the Secretary of State of the State of Maine as provided in said Section 245.

(c) Upon completion of the filings referred to in the immediately preceding subparagraph (b) the merger shall be effective.

5. The laws of the States of Maine and New York permit the aforesaid corporations to merge.

6. Sinclair Oil Corporation agrees that it may be served with process in the State of Maine in any proceeding for enforcement of any obligation of Sinclair Refining Company and Sinclair Oil & Gas Company. Sinclair Oil Corporation hereby irrevocably appoints the Secretary of State of the State of Maine as its agent to accept service of process in an action for the enforcement of payment of any such obligation, and hereby specifies 600 Fifth Avenue, New York, New York 10020 as the address to which a copy of such process shall be mailed.

by the Secretary of State. The Secretary of State shall forthwith send by registered mail one copy of any such process to the address so specified, unless Sinclair Oil Corporation shall hereafter have designated in writing to the Secretary of State a different address for such purpose, in which case said copy shall be mailed to the last address so designated.

IN WITNESS WHEREOF, the corporate parties to this Plan and Agreement, pursuant to authority duly given by their respective Boards of Directors, have caused this Plan and Agreement to be executed by a majority of the directors of each respective corporate party and the respective corporate seals affixed as of the 17th day of August, 1968.

SINCLAIR OIL & GAS COMPANY

By

(Corporate Seal)

ATTEST:

*Charles E. Holmes*  
Secretary

*G. B. Brumard*  
*John D. Jones*  
*W. D. Frank*  
*J. R. Fisher*

A Majority of the Board of  
Directors



(Corporate Seal)

Attest:

E. Epler x

Secretary

SINCLAIR REFINING COMPANY

By

Arthur J. [Signature]  
Earl W. [Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

A Majority of the Board of  
Directors



(Corporate Seal)

Attest:

M. V. Carson Jr.

Secretary

SINCLAIR OIL CORPORATION

By

D. B. Roman

C. L. [Signature]

J. B. [Signature]

M. E. [Signature]

Wm. A. [Signature]

E. L. [Signature]

J. Howard [Signature]

C. W. [Signature]

A Majority of the Board of  
Directors

CERTIFICATE OF THE SECRETARY OF SINCLAIR REFINING COMPANY

I, E. Eagles, Secretary of Sinclair Refining Company, a Maine corporation, hereby certify that the foregoing Plan of Liquidation by Merger and Agreement of Merger was duly authorized by a majority of the directors of Sinclair Refining Company at a meeting duly called and held, that said plan and agreement was submitted to the stockholders of record of Sinclair Refining Company at a meeting thereof called separately for the purpose of taking the same into consideration, that at said meeting a vote in person or by proxy was taken for the adoption or rejection of said plan and agreement and that all outstanding shares of capital stock of Sinclair Refining Company voted to adopt said plan and agreement.

WITNESS my hand and the seal of Sinclair Refining Company this 23rd day of September, 1968.

  
Secretary

(Corporate Seal)

CERTIFICATE OF THE SECRETARY OF SINCLAIR OIL & GAS COMPANY

I, Charles E. Holmes, Secretary of Sinclair Oil & Gas Company, a Maine corporation, hereby certify that the foregoing Plan of Liquidation by Merger and Agreement of Merger was duly authorized by a majority of the directors of Sinclair Oil & Gas Company at a meeting duly called and held, that said plan and agreement was submitted to the stockholders of record of Sinclair Oil & Gas Company at a meeting thereof called separately for the purpose of taking the same into consideration, that at said meeting a vote in person or by proxy was taken for the adoption or rejection of said plan and agreement and that all outstanding shares of capital stock of Sinclair Oil & Gas Company voted to adopt said plan and agreement.

WITNESS my hand and the seal of Sinclair Oil & Gas Company this 23rd day of September, 1968.

  
Secretary

(Corporate Seal)

CERTIFICATE OF SECRETARY  
OF SINCLAIR OIL CORPORATION

I, M. V. Carson, Jr., Secretary of Sinclair Oil Corporation, a New York corporation, hereby certify that the foregoing Plan of Liquidation by Merger and Agreement of Merger was duly adopted at a meeting of the directors of Sinclair Oil Corporation duly called and held for the purpose of considering and taking action upon the same and that accordingly the merger was duly adopted pursuant to the provisions of Sections 905 and 907 of the New York Business Corporation Law.

WITNESS my hand and the seal of Sinclair Oil Corporation on this 23rd day of September, 1968.

M. V. Carson, Jr.  
Secretary

(Corporate Seal)



THE ABOVE PLAN OF LIQUIDATION BY MERGER AND AGREEMENT OF MERGER, having been adopted separately by each corporate party thereto, in accordance with the provisions of Title 13 of the Revised Statutes of Maine of 1964 and the Business Corporation Law of the State of New York and that fact having been certified on the Plan of Liquidation by Merger and Agreement of Merger by the Secretary of each corporate party thereto, a Vice President and the Secretary of each corporate party thereto do now hereby execute the Plan of Liquidation by Merger and Agreement of Merger under the corporate seals of their respective corporations, as the respective act, deed and plan and agreement of each of said corporations, on this 23rd day of September, 1968.

(Corporate Seal)

Attest:

E. Eash  
Secretary

SINCLAIR REFINING COMPANY

By

R. M. Brown  
Vice President

By

E. Eash  
Secretary

(Corporate Seal)

Attest:

Charles E. Holman  
Secretary

SINCLAIR OIL & GAS COMPANY

By

M. V. Carson  
Vice President

By

Charles E. Holman  
Secretary

(Corporate Seal)

Attest:

W. S. Lewis  
Asst. Secretary

SINCLAIR OIL CORPORATION

By

D. G. Shaw  
Vice President

By

W. S. Lewis  
Asst. Secretary

ACKNOWLEDGMENTS

State of New York :  
County of New York : ss.

September 23, 1968

Then personally appeared the above-named R. M. Cooper, Vice President of Sinclair Refining Company, a Maine corporation, and acknowledged the foregoing instrument to be his free act, deed and plan and agreement in his said capacity and the free act, deed and plan and agreement of said corporation.

(Notarial Seal)

State of New York :  
County of New York : ss.

Paul W. Dowdell  
Notary Public  
PAUL W. DOWDELL  
Notary Public, State of New York  
No. 60-6038100 - Qual. in West Co.  
Cert. filed with New York County Clerk  
Commission Expires March 30, 1970

September 23, 1968

Then personally appeared the above-named M. V. Dawson Jr., Vice President of Sinclair Oil & Gas Company, a Maine corporation, and acknowledged the foregoing instrument to be his free act, deed and plan and agreement in his said capacity and the free act, deed and plan and agreement of said corporation.

(Notarial Seal)

State of New York :  
County of New York : ss.

Paul W. Dowdell  
Notary Public  
PAUL W. DOWDELL  
Notary Public, State of New York  
No. 60-6038100 - Qual. in West Co.  
Cert. filed with New York County Clerk  
Commission Expires March 30, 1970

September 23, 1968

Then personally appeared the above-named J. L. GRANT, Vice President of Sinclair Oil Corporation, a New York corporation, and acknowledged the foregoing instrument to be his free act, deed and plan and agreement in his said capacity and the free act, deed and plan and agreement of said corporation.

(Notarial Seal)

Paul W. Dowdell  
Notary Public  
PAUL W. DOWDELL  
Notary Public, State of New York  
No. 60-6038100 - Qual. in West Co.  
Cert. filed with New York County Clerk  
Commission Expires March 30, 1970

STATE OF MAINE

Attorney General's Office

September 30, 1968

I hereby certify that I have examined the foregoing Plan and Agreement of Merger and that the same is properly drawn and signed, and is conformable to the Constitution and laws of the State of Maine.

George C. West

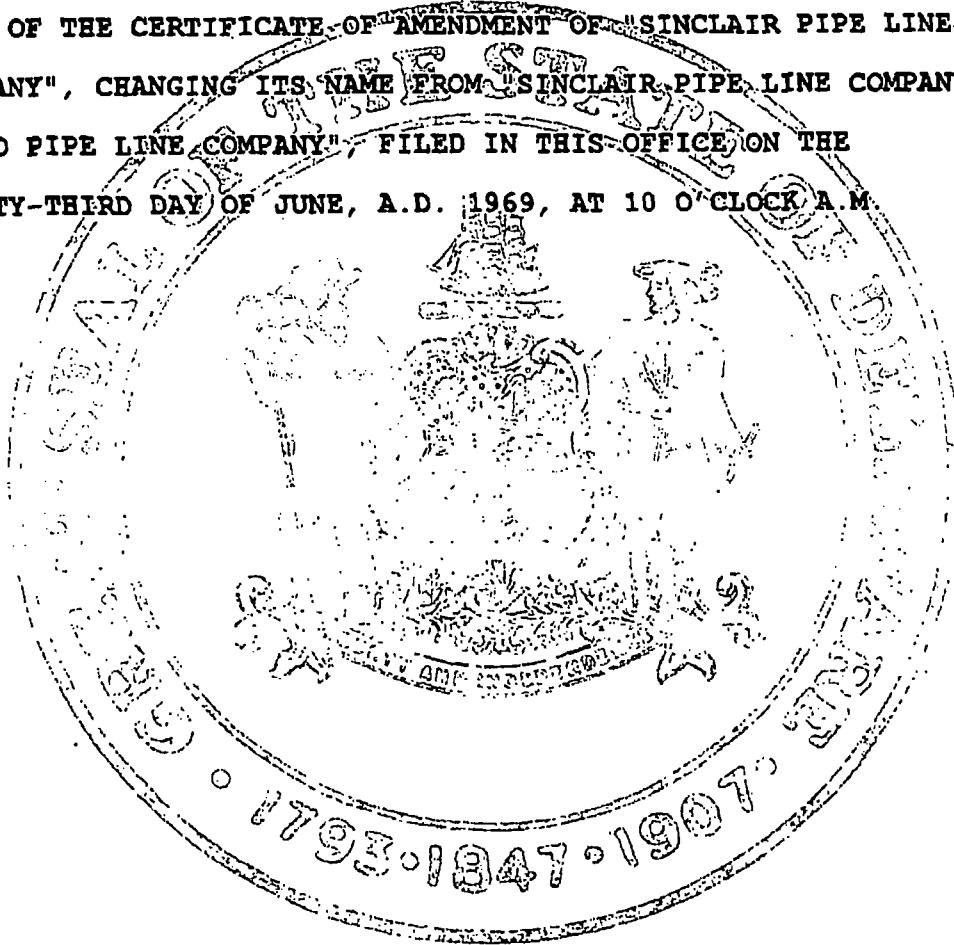
Deputy Attorney General

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State of Delaware  
Office of the Secretary of State

PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "SINCLAIR PIPE LINE COMPANY", CHANGING ITS NAME FROM "SINCLAIR PIPE LINE COMPANY" TO "ARCO PIPE LINE COMPANY", FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF JUNE, A.D. 1969, AT 10 O'CLOCK A.M.



  
Edward J. Freel, Secretary of State

0442416 8100  
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AUTHENTICATION: 0580344  
DATE: 07-25-00

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CERTIFICATE OF AMENDMENT  
OF  
SINCLAIR PIPE LINE COMPANY

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STATE OF KANSAS

COUNTY OF MONTGOMERY

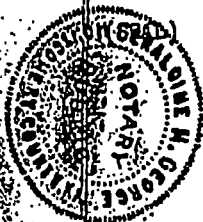
ss:

BE IT REMEMBERED that on this 13th day of June, 1969, personally came before me, a Notary Public in and for the County and State aforesaid, G. T. Carter President of SINCLAIR PIPE LINE COMPANY, a corporation of the State of Delaware, and he duly executed said certificate before me and acknowledged the said certificate to be his act and deed and the act and deed of said corporation and the facts stated therein are true; and that the seal affixed to said certificate and attested by the Secretary of said corporation is the common or corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of office the day and year aforesaid.

My commission expires  
September 19, 1970.

*Geraldine M. George*  
Notary Public  
Geraldine M. George



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**COPY**

**ARCO PIPE LINE COMPANY**

**Unanimous Consent of the Board of Directors**

As authorized by Section 141(f) of the General Corporation Law of Delaware, the Board of Directors of ARCO Pipe Line Company, a Delaware corporation, hereby unanimously consents to and adopts the following resolutions:

**I. Amendment and Restatement of the Certificate of Incorporation**

RESOLVED, That the Board of Directors hereby declares it advisable to amend and restate the Certificate of Incorporation of the Company, and hereby approves and recommends to the sole stockholder of the Company the following:

1. The name of the Company be changed from "ARCO Pipe Line Company" to "ARCO Transportation Alaska, Inc."
2. The corporate powers and purposes of the Company be enlarged to authorize the Company to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
3. Eliminate or limit the personal liability of directors as authorized by Section 102(b)(7) of the General Corporation Law of Delaware.
4. Restate the Certificate of Incorporation to conform to the provisions of Section 102 of the General Corporation Law of Delaware, and be it further

RESOLVED, That the approved and recommended Restated Certificate of Incorporation shall read as follows:

1. The name of the corporation is:  
  
ARCO Transportation Alaska, Inc.
2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

4. The total number of shares of stock which the corporation shall have authority to issue is One Hundred Thousand (100,000), and the par value of each of such shares is Ten Thousand Dollars (\$10,000), amounting in the aggregate to One Billion Dollars (\$1,000,000,000).

5. The Board of Directors is authorized to make, alter or repeal the by-laws of the corporation. Election of directors need not be by written ballot.

6. The corporation shall indemnify its officers, directors, employees and agents to the extent permitted by the General Corporation Law of Delaware.

7. To the fullest extent permitted by the General Corporation Law of Delaware as the same exists or may hereafter be amended, a director of the Company shall not be liable to the Company or its Stockholder for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law of Delaware is amended after approval by the Stockholder of this provision to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of Delaware, as so amended. Any repeal or modification of this Article 7 by the Stockholder of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification or with respect to events occurring prior to such time.

II. Plan of Restructuring and Transfer of Certain Assets to ARCO Pipe Line Transition Company

RESOLVED, That the Company should be restructured for the purposes of conforming the legal entity structure of the Company's business operations within and without the State of Alaska to its management structure for such operations, protecting each such business from the risks and vicissitudes of the business operations carried on by the other, and enabling each such business to obtain any and all other economic and legal benefits of separate corporate existence.

RESOLVED, That to effect such restructuring, which is intended to qualify as a reorganization under §368(a)(1)(D)



of the Internal Revenue Code of 1986, as amended, the assets and liabilities of the Company situated in or associated with the Company's activities in the State of Alaska shall be retained by the Company, and substantially all of the assets and liabilities of the Company situated or associated with the Company's activities in any state of the United States except the State of Alaska shall be conveyed and transferred to a new corporation, ARCO Pipe Line Transition Company, a Delaware corporation, which will change its name to ARCO Pipe Line Company, after which the Company shall distribute all the stock of such corporation to the Company's sole shareholder, Atlantic Richfield Company, and be it further

RESOLVED, That, in light of the Company's sole ownership of the stock of ARCO Pipe Line Transition Company, no consideration for the transfer of the Company's assets situated outside the State of Alaska shall be accepted other than an assumption by such corporation of the Company's liabilities associated with the transferred assets, and be it further

RESOLVED, That the President and the Vice Presidents of the Company are hereby severally authorized and empowered in the name and on behalf of the Company without further act or resolution of this Board to execute and deliver such conveyances, agreements, instruments and documents as the signing officer determines are necessary or appropriate to implement the plan of restructuring and to undertake and perform such other acts as said officers deem necessary or appropriate to implement said plan, such execution of conveyances, agreements, instruments and documents to be the certification of the signing officer of approval of the form, terms and conditions of said instrument and that the execution and delivery is the act of the Company.

### III. Withdrawal From Several Jurisdictions

RESOLVED, That the President and the Vice Presidents of the Company are hereby severally authorized and empowered to execute and deliver applications, petitions and related documents and instruments to withdraw the Company from doing business in any state of the United States where the Company is currently authorized to do business except for Alaska and California.

Dated as of this 28th day of February, 1991.

Herman R. Bennett  
Herman R. Bennett

Noel L. McDonald  
Noel L. McDonald

Fred L. Neeley  
Fred L. Neeley

Daniel O. Gallas  
Daniel O. Gallas

Roger E. Truitt  
Roger E. Truitt

Benjamin P. Wallace  
Benjamin P. Wallace

Vincent P. Driski  
Vincent P. Driski

Doc.1

**RESTATED CERTIFICATE OF INCORPORATION OF  
ARCO PIPE LINE TRANSITION COMPANY**

**ARCO PIPE LINE TRANSITION COMPANY**, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is **ARCO PIPE LINE TRANSITION COMPANY**. The date of filing of its original Certificate of Incorporation with the Secretary of State was December 11, 1990.
2. This Restated Certificate of Incorporation restates and amends the Certificate of Incorporation of this corporation by changing the name of the corporation, providing for the indemnification of officers, directors, employees and agents and eliminating or limiting the liability of directors.
3. The text of the Certificate of Incorporation is amended hereby to read as herein set forth in full:
  1. The name of the corporation is:  
**ARCO Pipe Line Company**
  2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.
  3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
  4. The total number of shares of stock which the corporation shall have authority to issue is One Thousand (1,000) and the par value of each of such shares is One Hundred Dollars (\$100) amounting in the aggregate to One Hundred Thousand Dollars (\$100,000).
  5. The Board of Directors is authorized to make, alter or repeal the by-laws of the corporation. Election of directors need not be by written ballot.
  6. The corporation shall indemnify its officers, directors, employees and agents to the extent

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permitted by the General Corporation Law of Delaware.

7. To the fullest extent permitted by the General Corporation Law of Delaware as the same exists or may hereafter be amended, a director of the Company shall not be liable to the Company or its Stockholder for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law of Delaware is amended after approval by the Stockholder of this provision to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of Delaware, as so amended. Any repeal or modification of this Article 7 by the Stockholder of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification or with respect to events occurring prior to such time.

4. This Restated Certificate of Incorporation was duly adopted by written consent of the sole stockholder in accordance with the applicable provisions of Sections 228, 242, and 245 of the General Corporation Law of Delaware.

5. This Restated Certificate of Incorporation shall be effective on February 28, 1991.

IN WITNESS WHEREOF, said ARCO PIPE LINE TRANSITION COMPANY has caused this Certificate to be signed by Daniel O. Gallas, its President, and attested by Cynthia Claus, its Secretary as of this 28th day of February, 1991.

ARCO PIPE LINE TRANSITION COMPANY

By:

Daniel O. Gallas  
Daniel O. Gallas  
President

Attest:

By:

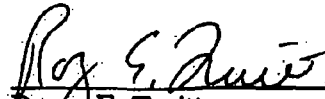
Cynthia Claus  
Cynthia Claus, Secretary

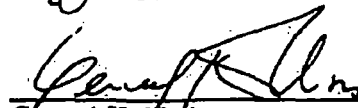
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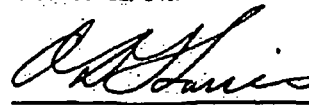
**ARCO TRANSPORTATION ALASKA, INC.**  
**Board of Directors**  
**Regular Meeting - March 27, 1991**

The regular meeting of the Board of Directors of ARCO Transportation Alaska, Inc., on March 27, 1991, was adjourned due to lack of a quorum, pursuant to Section 25 of the Bylaws. The meeting will be held on Wednesday, April 24, 1991, at 9:00 a.m. by conference call.

Dated as of the 27th day of March, 1991.

  
\_\_\_\_\_  
Roger E. Truitt

  
\_\_\_\_\_  
Gerard K. Nass

  
\_\_\_\_\_  
O. D. Harris

**ARCO TRANSPORTATION ALASKA, INC.**  
**BOARD OF DIRECTORS**  
**Regular Meeting -- March 27, 1991**  
**Adjourned to April 24, 1991**

A regular meeting of the Board of Directors of ARCO TRANSPORTATION ALASKA, INC., a Delaware corporation, was held by telephone communications equipment by means of which all persons participating could be heard by each other on Wednesday, April 24, 1991, at 9:00 a.m. P.D.T.

Present at the meeting were Gerard K. Nass and O.D. Harris in Anchorage, Alaska, and Roger E. Truitt in Long Beach, California, constituting a quorum of the Board of Directors. Also present for the meeting was Kathleen R. Trachte in Long Beach, California.

Roger E. Truitt, President, presided as Chairman of the meeting, and Kathleen R. Trachte, Secretary, recorded the minutes.

The minutes of the Regular Meeting held February 27, 1991, were presented and upon motion made and seconded, were adopted.

Upon motion duly made, seconded, and unanimously carried, the following resolutions were adopted:

**RESOLVED**, That the By-laws of the Company be amended to reflect the name change from ARCO Pipe Line Company to ARCO Transportation Alaska, Inc.

**RESOLVED**, That the By-laws of the Company be further amended to designate Anchorage, Alaska, as a place where officers may be located or meetings may be held.

**RESOLVED**, That Article 23 of the By-laws be amended to read as follows:

"A regular meeting of the Board of Directors of this Corporation shall be held on the last Wednesday of April of each year, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:30 o'clock A.M., local time, in the office of the Corporation in either Anchorage, Alaska or Long Beach, California, or such other place and time fixed by the Consent in writing of all the Directors. Other meetings shall be scheduled as needed during the year."

**RESOLVED**, That Article 29 of the By-laws be amended to read as follows:

"The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a President, a Vice President, a Controller, and a Treasurer from among its members; the Board may also choose a Chairman of the Board and one or more Senior Vice Presidents from among its members; the Board may also choose a Secretary and one or more Vice Presidents, Assistant Controllers, Assistant Secretaries, and Assistant Treasurers, none of whom need to be a member of the Board."

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

  
Kathleen R. Trachte, Secretary

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## Arco Pipe Line to sell refined products system

DAVID IVANOVICH Staff

FRI 03/11/1994 HOUSTON CHRONICLE, Section Business, Page 3, 2 STAR Edition

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**CORRECTION:** This story incorrectly reported that Arco owns 49.9percent of Houston's Lyondell-Citgo refinery. Arco owns 49.9 percent ofLyondell Petrochemical Co., which owns 90 percent of Lyondell-CitgoRefining Co. Correction published 3/12/94.

Houston-based Arco Pipe Line Co. has agreed to sell the bulk of its refined products pipeline system to Citgo Petroleum Corp. and Williams Pipe Line Co. Terms of the two deals were not disclosed.

will be affected by the sale.

"Some would be picked up by the purchasers, some might not," said Arco spokesman Albert Greenstein. "At this point, it's too early to give any numbers."

Included in the sale is nearly all of Arco's 1,875-mile-long refined product pipeline system. Arco owns 6,000 miles of pipeline in all, carrying crude oil and petrochemicals, as well as refined products.

While the refined-product segment represents nearly a third of the length, it carries only 10 percent of the entire network's volumes.

Arco will sell 950 miles of pipeline to Citgo. That transaction includes Arco's Southern Products System, which runs from Houston to Drumright, Okla.

The Southern Products System connects Houston's Lyondell-Citgo refinery - 49.9 percent of which is owned by Arco (SEE CORRECTION) - and several other refineries to Dallas-Fort Worth Airport, as well as to Williams Pipe Line at Drumright, Okla.

Citgo also will receive a 50 percent interest in the Casa Products System, which moves refined products from Corpus Christi to truck terminals in Victoria, San Antonio and Austin, as well as a tank farm in Arlington.

Williams, meanwhile, is purchasing 775 miles of pipeline running from Neodesha, Kan., to Fort Madison, Iowa, with spurs to Kansas City, Kan., and Wood River, Ill.

Greenstein said Arco officials opted to sell the pipeline system as part of the company's ongoing examination of its assets.

But Benjamin Rice Jr., an analyst with Brown Bros. Harriman, believes the move was prompted, at least in part, by the depressed state of oil prices.

"These guys are tight on cash flow," Rice said. "They are very sensitive to the price of oil."

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LDS000058



**CERTIFICATE OF MERGER  
 OF  
 ARCO PIPE LINE COMPANY  
 INTO  
 FOUR CORNERS PIPE LINE COMPANY**

\*\*\*\*\*

The undersigned corporation organized and existing under and by virtue of the General Corporation Law of Delaware.

**DOES HEREBY CERTIFY:**

**FIRST:** That the name and state of incorporation of each of the constituent corporations of the merger is as follows:

<u>NAME</u>	<u>STATE OF INCORPORATION</u>
FOUR CORNERS PIPE LINE COMPANY	DELAWARE
ARCO PIPE LINE COMPANY	DELAWARE

**SECOND:** That an Agreement of Merger between the parties to the merger has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 251 of the General Corporation Law of Delaware.

**THIRD:** That the name of the surviving corporation of the merger is **FOUR CORNERS PIPE LINE COMPANY**, which shall herewith be changed to **ARCO PIPE LINE COMPANY**.

**FOURTH:** That the amendments or changes in the Certificate of Incorporation of **FOUR CORNERS PIPE LINE COMPANY**, the surviving corporation, as are to be effected by the merger are as follows:

Article First is amended to read:

"FIRST: The name of the corporation is **ARCO PIPE LINE COMPANY**."



**FIFTH:** That the executed Agreement of Merger is on file at the principal place of business of the surviving corporation, the address of which is 15600 John F. Kennedy Blvd., Suite 300, Houston, Texas 77032.

SIXTH: That a copy of the Agreement of Merger will be furnished by the surviving corporation, on request and without cost, to any stockholder of any constituent.

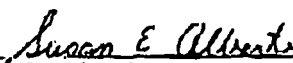
SEVENTH: That this Certificate of Merger shall be effective at 12:01 a.m. on January 1, 1995.

Dated: September 30, 1994

FOUR CORNERS PIPE LINE COMPANY,  
a Delaware corporation

By:    
Glenn C. Butler  
President

ATTEST:

By:   
Susan E. Alberti  
Secretary

# News

Phillips Petroleum Company  
Public Relations  
Bartlesville, Oklahoma 74004  
<http://www.phillips66.com>



**CONTACTS:**

Kristi DesJarlais (media) 918/661-6117  
Howard Thill (investors) 918/661-4757

**FOR IMMEDIATE RELEASE**

## **Phillips to Acquire All of ARCO's Alaskan Assets for \$7 Billion**

***Purchase of 1.9 billion BOE will nearly double company's reserves,  
Significantly Increase earnings and cash flow in 2000***

BARTLESVILLE, Okla., March 15, 2000 --- Phillips Petroleum Company [NYSE: P] has signed a definitive agreement for the purchase of all of ARCO's Alaskan assets. Phillips will pay \$6.5 billion in cash upon closing and up to an additional \$500 million based on a formula tied to the price of crude oil. The transaction, which is expected to close early in the second quarter and will be effective retroactive to Jan. 1, 2000, is subject to approval of the Federal Trade Commission (FTC). The parties are working with the FTC and the states of Alaska, California, Oregon and Washington to obtain such approval.

Based on an early April closing, Phillips expects the transaction to be accretive to earnings and cash flow in 2000 by \$1.28 and \$2.94 per share, respectively. The company expects that its ROCE for this acquisition will be about 12 percent for 2000 and will remain above the cost of capital going forward.

Debt financing for the acquisition has been arranged by Bank of America N.A., the Chase Manhattan Bank, J.P. Morgan & Co. and Merrill Lynch & Co. Phillips is confident it will maintain an investment grade credit rating. Phillips anticipates the cash flow from the acquisition, after exploration and development capital spending, to average \$500 million per year. The company will use this net cash flow, along with the approximately \$2 billion in proceeds from its previously announced joint ventures, to reduce debt. Phillips expects its year-end net debt-to-capital ratio to be in the range of 60 percent. This acquisition will not impact the current capital spending plans of either Phillips or ARCO in Alaska, and will not require any asset sales or further cost-reduction programs.

"The acquisition of ARCO's Alaskan assets represents a significant step in our strategy of growing our exploration and production business," said Jim Mulva, chairman and chief executive officer. "We gain a substantial position in the two largest fields in North America, immediately form a new production center and become a major merchant supplier of crude oil to the West Coast. We look forward to working with BP Amoco, our other partners and the State of Alaska to responsibly and efficiently develop Alaska's natural resources. Further, Phillips will join BP Amoco in supporting the Alaska Charter commitments."

- more -

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"The North Slope of Alaska is a rich petroleum region with significant exploitation and exploration potential. Our goal is to combine Phillips' and ARCO's plans to grow production by aggressively pursuing exploration and development opportunities in the same environmentally responsible manner that has characterized our Alaskan operations for the last 50 years," Mulva added. "We are pleased that ARCO's Alaska employees and other support personnel will be joining Phillips. They have an impressive record of growing production while operating efficiently. We are looking forward to the opportunity to combine and leverage our joint skills worldwide."

Phillips will book reserves of 1.9 billion barrels-of-oil-equivalent (BOE) in 2000 from this transaction, immediately increasing the company's reserves base from 2.2 billion BOE to 4.1 billion BOE. Excluding the Trans Alaska Pipeline System (TAPS), tankers and other non-exploration and production assets, the acquisition cost is approximately \$3.00 per BOE. Average production from these assets is expected to be 348,000 BOE per day in 2000, increasing by about 8 percent to 377,000 BOE per day in 2001.

Phillips will acquire all of ARCO's Alaskan assets. In Prudhoe Bay, Phillips will obtain a 42.6 percent interest in the gas cap and a 21.9 percent interest in the oil rim, as well as a range of interests in related fields. The company will acquire a 55 percent interest in the greater Kuparuk area and a 78 percent interest in the Alpine field. The sale package also includes 1.1 million net exploration acres, a 21.3 percent interest in TAPS, and the assets of ARCO Marine.

Phillips will combine its technical expertise with that of ARCO to develop the Alpine field; continue development of the Kuparuk field and its satellites; and develop the Prudhoe Bay satellites, in addition to implementing enhanced oil recovery at related fields. These projects provide about 700 million barrels of upside reserve potential. The company also intends to work closely with its partners in developing projects for the more than 25 trillion cubic feet of gas in the Prudhoe Bay gas cap. In the National Petroleum Reserve Area (NPRA), Phillips will hold almost a half million net acres, increasing the company's exposure to additional reserve potential. Discoveries on this acreage can leverage existing infrastructure, leading to cost-effective development.

Phillips' current Alaskan operations include a 70 percent interest in the Kenai LNG plant that has exported LNG to Japan for 30 years; a 100 percent interest in the North Cook Inlet field; a less than 2 percent interest in the Prudhoe Bay Unit; a 10 percent interest in the Point Thomson field; interests in several of the Prudhoe Bay satellites; a small interest in TAPS; and exploration acreage in NPRA and elsewhere.

All calculations in this news release are based on West Texas Intermediate (WTI) forward curve crude oil prices as reflected on the current futures market.

- more -

LDS000062

Goldman Sachs & Co. is acting as financial advisor to Phillips in this transaction.

Phillips Petroleum is an integrated petroleum company engaged in oil and gas exploration and production worldwide; gas gathering, processing and marketing in the United States; refining, marketing and transportation operations primarily in the United States; chemicals and plastics manufacturing and sales around the globe; and technology development. Founded in Bartlesville, Okla., in 1917, the company had 15,900 employees and \$15 billion of assets at the end of 1999, and \$14 billion of revenues for the year.

- # # # -

Additional information about the transaction can be found at  
[www.phillips66.com/newsroom/images&charts/alaskasummary.htm](http://www.phillips66.com/newsroom/images&charts/alaskasummary.htm).

**CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS  
OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

*This press release contains forward-looking statements about Phillips' exploration and production business, and the acquisition of all of ARCO's Alaska operations, the impact on Phillips' reserves, production, earnings and cash flow. Where in any forward-looking statement, Phillips has expressed an estimate, potential expectation or belief as the future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However there can be no assurance that the statement of expectation or belief will result or be achieved. The actual results may be affected by a variety of risks, which could cause the stated expectation or belief to differ materially. Some of the important risk factors, but not necessarily all such factors that may cause expectations or results to differ, particularly as to reserves, production, earning and cash flow are: consummation of the acquisition of the ARCO assets; state and federal governmental and third-party approvals; the price of oil; interest rates on financing; production results; environmental laws and the cost of compliance with such laws; legislative, tax and regulatory development; and the integration of ARCO personnel, business systems and operations with those of the company. Additional information concerning factors that could cause actual results to differ materially are contained in Phillips' reports with the Securities and Exchange Commission ("SEC"). Copies of the company's SEC filings are available by calling Phillips at 918-661-3700. These reports are also available through Phillips' site on the World Wide Web at <http://www.phillips66.com>. Phillips undertakes no obligation to update the information in this release.*

# News

**Phillips Petroleum Company**

Public Relations

Bartlesville, Oklahoma 74004

<http://www.phillips66.com>



**CONTACTS:**

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Howard Thill (investors) 918/661-4757

**FOR IMMEDIATE RELEASE**

## **Phillips Completes ARCO Alaska Acquisition**

***ARCO Alaska president to head Phillips Alaska***

BARTLESVILLE, Okla., April 26, 2000 --- Phillips Petroleum Company [NYSE: P] has completed its acquisition of ARCO's Alaskan businesses. The transaction has received Federal Trade Commission approval and is effective retroactive to January 1.

"We are pleased to complete this landmark acquisition, which represents a significant part of our overall company strategy," said Jim Mulva, chairman and chief executive officer. "Development of Alaska's natural resources provides a platform for the growth of our worldwide exploration and production business."

Kevin Meyers, 46, currently president of ARCO Alaska Inc., will become president and chief executive officer of Phillips Alaska Inc. Phillips Alaska will include ARCO's Alaskan businesses, plus all of Phillips' current Alaska operations, including the Kenai liquefied natural gas plant.

As a result of the previously announced alignment agreement regarding the Prudhoe Bay Unit, Phillips' earnings and cash flow accretion are projected to exceed original expectations. In addition, net daily production from the assets in 2000 is now expected to be 340,000 barrels of oil equivalent (BOE), and Phillips will now add a total of 2.2 billion BOE to its reserves base.

As previously announced, Phillips will pay BP \$6.5 billion in cash and up to an additional \$500 million based on a formula tied to the price of crude oil.

Today marked the first of two closings and included all of the producing assets. A second closing on certain pipeline and marine assets is pending regulatory approval and expiration of preferential rights.

- more -

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Phillips Petroleum is an integrated petroleum company engaged in oil and gas exploration and production worldwide; gas gathering, processing and marketing in the United States; refining, marketing and transportation operations primarily in the United States; chemicals and plastics manufacturing and sales around the globe; and technology development. Founded in Bartlesville, Okla., in 1917, the company had 15,900 employees and \$15 billion of assets at the end of 1999, and \$14 billion of revenues for the year.

- # # # -

CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS  
OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

*This press release contains forward-looking statements about Phillips' exploration and production business, and the impact of the acquisition of all of ARCO's Alaska operations on Phillips' reserves, production, earnings and cash flow. Where in any forward-looking statement, Phillips has expressed an estimate, potential expectation or belief as the future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However there can be no assurance that the statement of expectation or belief will result or be achieved. The actual results may be affected by a variety of risks, which could cause the stated expectation or belief to differ materially. Some of the important risk factors, but not necessarily all such factors that may cause expectations or results to differ, particularly as to reserves, production, earning and cash flow are: the price of oil; interest rates on financing; production results; environmental laws and the cost of compliance with such laws; legislative, tax and regulatory development; and the integration of ARCO personnel, business systems and operations with those of the company. Additional information concerning factors that could cause actual results to differ materially are contained in Phillips' reports with the Securities and Exchange Commission ("SEC"). Copies of the company's SEC filings are available by calling Phillips at 918-661-8700. These reports are also available through Phillips' Web site at <http://www.phillips66.com>. Phillips undertakes no obligation to update the information in this release.*

MASTER PURCHASE AND SALE AGREEMENT

by and among

ATLANTIC RICHFIELD COMPANY,

CH-TWENTY, INC.,

BP AMOCO P.L.C.

and

PHILLIPS PETROLEUM COMPANY

---

Dated as of March 15, 2000

As Amended as of April 6, 2000



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This MASTER PURCHASE AND SALE AGREEMENT, dated as of March 15, 2000, as amended as of April 6, 2000, by and among Atlantic Richfield Company, a Delaware corporation ("ARCO"), CH-Twenty, Inc., a Delaware corporation ("CH-20"), each of ARCO and CH-20 being referred to herein as a "Seller" and, together, the "Sellers", BP Amoco p.l.c., an English public limited company ("BP Amoco") and a party to this Agreement solely in respect of Section 5.12, and Phillips Petroleum Company, a Delaware corporation ("Purchaser").

WITNESSETH:

WHEREAS, ARCO is the owner of: (i) all of the issued and outstanding shares of (A) common stock, par value \$10,000 per share ("ARCO Alaska Shares"), of ARCO Alaska, Inc., a Delaware corporation ("ARCO Alaska"), (B) common stock, par value \$10,000 per share ("ATAI Shares"), of ARCO Transportation Alaska, Inc., a Delaware corporation ("ATAI"), (C) common stock, par value \$1,000 per share ("Kuparuk Shares"), of Kuparuk Pipeline Company, a Delaware corporation ("Kuparuk"), (D) common stock, par value \$100 per share ("Oliktok Shares"), of Oliktok Pipeline Company, a Delaware corporation ("Oliktok"), (E) common stock, par value \$100 per share ("Alpine Shares"), of Alpine Pipeline Company, a Delaware corporation ("Alpine"), (F) common stock, par value \$10 per share ("ARCO Marine Shares"), of ARCO Marine, Inc., a Delaware corporation ("ARCO Marine") and (G) common stock, par value \$.01 per share ("UTP Holdings Shares"), of Union Texas Petroleum Holdings, Inc., a Delaware corporation ("UTP Holdings") and the indirect owner of all of the limited liability company interests ("UTA Interests") in Union Texas Alaska, LLC, a Delaware limited liability company ("UTA"), (ii) 8,000 of the issued and outstanding shares of common stock, par value \$100 per share ("CIPC Shares"), of Cook Inlet Pipeline Company, a Delaware corporation ("CIPC") and (iii) the Product Inventory;

WHEREAS, CH-20 is the owner of all of the issued and outstanding shares of common stock, par value \$1 per share ("ARCO Beluga Shares"), of ARCO Beluga, Inc., a Delaware corporation ("ARCO Beluga"); each of ARCO Alaska, ATAI, Kuparuk, Oliktok, Alpine, ARCO Marine, UTP Holdings, UTA and ARCO Beluga being referred to herein as a "Company" and, collectively, the "Companies"; and the ARCO Alaska Shares, ATAI Shares, Kuparuk Shares, Oliktok Shares, Alpine Shares, ARCO Marine Shares, UTP Holdings Shares, CIPC Shares and ARCO Beluga Shares collectively being referred to herein as the "Shares";

WHEREAS, BP Amoco, ARCO and Prairie Holdings, Inc. ("Prairie") have executed that certain Agreement and Plan of Merger, dated March 31, 1999, as amended (the "Merger Agreement"), wherein the parties agreed, subject to certain terms and conditions, to merge Prairie with and into ARCO (the "BP Amoco/ARCO Merger");

WHEREAS, in order to facilitate the fulfillment of certain conditions to the BP Amoco/ARCO Merger, ARCO and CH-20 desire to sell and transfer to Purchaser the respective Shares owned by them, and Purchaser desires to purchase the Shares on the terms and subject to the conditions set forth herein, and the parties desire to engage in the other transactions contemplated herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and on the terms and subject to the conditions set forth herein, the parties hereto agree as follows:

Article I  
DEFINITIONS AND TERMS

Section 1.1 Specific Definitions. As used in this Agreement, the following terms have the meanings set forth or as referenced below:

"Adverse Change" has the meaning set forth in Schedule 5.6, Section 5.

"Affiliate" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such other Person at the time at which the determination of affiliation is made. The term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or other ownership interests, by contract or otherwise.

"Affiliate Transaction" means any transaction between a Seller and/or any Affiliate of Seller (other than any Company), on the one hand, and any Company, on the other hand, excluding any transaction to which a third Person is also a party.

"Agreement" means this Master Purchase and Sale Agreement and all Schedules hereto, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Alaska Business" has the meaning set forth in Section 3.12.

"Alignment Agreement" means the ARCO Alaska/BP Exploration/Unocal Alignment Agreement, Greater Kuparuk Area, dated January 1, 1997.

"Alpine" has the meaning set forth in the Recitals.

"Alpine Certificate" has the meaning set forth in Section 2.6(a)(iii).

"Alpine Rights-of-Way" means the two right-of-way leases by and between the State of Alaska and ARCO for the Alpine crude oil pipeline (ADL-415701) and the Alpine diesel line (ADL-415932) and, in the event that the Alpine Utility Right-of-Way is transferred from ARCO Alaska to ARCO prior to the First Closing in accordance with Section 2.6(b)(ii), the Alpine Utility Right-of-Way.

"Alpine Shares" has the meaning set forth in the Recitals.

"Alpine Utility Right-of-Way" means the right-of-way grant by and between the State of Alaska and ARCO Alaska for the Alpine utility pipeline (ADL-415857).

"AMI" means AMI Leasing Inc., a Delaware corporation.

"AMI Conveyed Contract" means the contract more specifically identified on Schedule 1.1(A).

"AMI Conveyed Properties" means the tankers more specifically identified on Schedule 1.1(B).

"ARCO" has the meaning set forth in the Preamble.

"ARCO Alaska" has the meaning set forth in the Recitals.

"ARCO Alaska Businesses" means the business of (a) acquiring any right or option (whether or not contingent) to bid for or to explore for, to develop or to produce hydrocarbons in Alaska, (b) exploring for, developing or producing hydrocarbons in Alaska or transporting or shipping hydrocarbons within or from Alaska, (c) providing any product or service, directly or indirectly, with or without compensation, to any person engaged in any of the activities in (a) or (b) where such product or service is primarily used in or related to such person's activities in Alaska or (d) supporting ARCO in any of the activities referred to in clauses (a), (b) or (c) as those activities were conducted by ARCO on March 15, 2000.

"ARCO Alaska Company" means each of ARCO Alaska, ATAI, Kuparuk, Oliktok, Alpine, ARCO Marine, ARCO Marine Spill Response Company, a Delaware corporation and a wholly owned subsidiary of ARCO Marine, UTP Holdings and UTA.

"ARCO Alaska Intellectual Property" has the meaning set forth in Section 5.15(a)(i).

"ARCO Alaska Shares" has the meaning set forth in the Recitals.

"ARCO Beluga" has the meaning set forth in the Recitals.

"ARCO Beluga Shares" has the meaning set forth in the Recitals.

"ARCO Directors and Officers" has the meaning set forth in Section 5.21(b).

"ARCO Geoscience and Reservoir Intellectual Property" has the meaning set forth in Section 5.15(c).

"ARCO Intellectual Property" has the meaning set forth in Section 5.15(b).

"ARCO Marine" has the meaning set forth in the Recitals.

"ARCO Marine Shares" has the meaning set forth in the Recitals.

"ARCO Marine Transfer Date" means the date on which the ARCO Marine Shares are delivered to Purchaser in accordance with Section 2.6(b)(vi).

"ARCO Oil and Gas Lease" means each of the 17 lease agreements relating to the Producing Properties that is identified on Schedule 1.1(C).

"ARCO Patents" has the meaning set forth in Section 5.15(a)(ii).

"ARCO Products Time Charters" has the meaning set forth in Section 5.22(c).

"ARCO Proprietary IP" has the meaning set forth in Section 5.15(a).

"ARCO Seismic Data" has the meaning set forth in Section 5.15(a)(iii).

"ARCO Severance Plans" has the meaning set forth in Schedule 5.6, Section 7.

"ARCO Trader" means the tanker more specifically identified on Schedule 1.1(D).

"Area Participation Percentage" means, with respect to each Field, the sum of the percentages obtained by multiplying the percentage of the working interest owned by Seller and its Subsidiaries in each tract included within the Field by the tract participation of such tract for the Field.

"ASO" has the meaning set forth in Section 5.13.

"ATAI" has the meaning set forth in the Recitals.

"ATAI Shares" has the meaning set forth in the Recitals.



"ATC" has the meaning set forth in Section 5.22(b)(i).

"Bankruptcy and Equity Exception" has the meaning set forth in Section 3.2.

"Bareboat Charters" has the meaning set forth in Section 5.22(b)(i).

"Bonds" has the meaning set forth in Section 5.7(b).

"Books and Records" means all books, ledgers, files, reports, customer lists, plans and operating records of, or maintained by, or pertaining to, any of the Companies in whatever form stored or retained.

"BP Amoco" has the meaning set forth in the Preamble.

"BP Amoco/ARCO Merger" has the meaning set forth in the Recitals.

"BP Exploration" means BP Exploration (Alaska), Inc., a Delaware corporation.

"Business Day" means any day other than a Saturday, a Sunday or a day on which banks in the State of New York are authorized or obligated by law or executive order to close.

"Charter" means the Charter for Development of the Alaskan North Slope entered into as of December 2, 1999, among the State of Alaska, ARCO Alaska, BP Exploration and BP Amoco, providing for, among other things, the divestiture of certain oil and gas properties and other related interests on the North Slope of Alaska, as supplemented by the Addendum to the Charter for the Development of the Alaskan North Slope, dated March 15, 1999.

"Chosen Courts" has the meaning set forth in Section 10.10.

"CH-20" has the meaning set forth in the Preamble.

"CIPC" has the meaning set forth in the Recitals.

"CIPC Shares" has the meaning set forth in the Recitals.

"Claim Notice" has the meaning set forth in Section 8.4.

"Closing" has the meaning set forth in Section 2.4(a).

"Closing Date" means either the First Closing Date, the Second Closing Date or the ARCO Marine Transfer Date, as the context requires.

"Closing Marine Financial Statements" has the meaning set forth in Section 2.3(a).

"Closing Marine Schedule of Settlements" has the meaning set forth in Section 2.3(a).

"Closing Pipeline Financial Statements" has the meaning set forth in Section 2.5(a).

"Closing Pipeline Schedule of Settlements" has the meaning set forth in Section 2.5(a).

"Closing Producing Financial Statements" has the meaning set forth in Section 2.3(a).

"Closing Producing Schedule of Settlements" has the meaning set forth in Section 2.3(a).

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" and "Companies" have the meanings set forth in the Recitals.

"Competition Laws" means any Law designed or intended to prohibit, restrict or regulate actions or states of affairs having the purpose or effect of monopolization, restraint or distortion of competition.

"Confidential Information" has the meaning set forth in Section 5.1(b).

"Confidentiality Agreement" means the Confidentiality Agreement, executed in November 1999, by and between ARCO et al. and Purchaser (or its Affiliate), as amended.

"Consent Agreement" means the Agreement Containing Consent Orders by and among BP Amoco, ARCO and counsel for the FTC that includes the Provisional Consent Order.

"Contracts" means any agreements, contracts, leases, purchase orders, arrangements, commitments or licenses.

"Conveyed Properties" means the Alpine Rights-of-Way, the AMI Conveyed Properties and the AMI Conveyed Contract.

"CPA Firm" has the meaning set forth in Section 2.3(c).

"Cutoff Date" has the meaning set forth in Section 2.8(e).

"Deductible" has the meaning set forth in Section 8.6(a).

"Disclosure Schedule" has the meaning set forth in Article III.

"Effective Date" means January 1, 2000.

"Effective Time" means January 1, 2000 at 12:01 a.m. Anchorage time.

"Employee Plans" has the meaning set forth in Section 3.16.

"Encumbrance" means any lien, charge, pledge, security interest, restriction or other encumbrance of any kind.

"Environmental Law" means any Law relating to the protection of the environment or the use, storage, recycling, treatment, handling, release or disposal of Hazardous Substances.

"ERISA" has the meaning set forth in Section 3.16.

"Estimated Product Inventory Purchase Price" means \$170,213,643.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Exploration Leases" mean the oil and gas leases located, as of the date of this Agreement, in the land department files of ARCO Alaska wherein ARCO Alaska is named as an original lessee or assignee of such oil and gas leases, provided, however, that the term "Exploration Leases" shall not include (a) oil and gas leases which are included (wholly or partially) in a producing unit or the Greater Kuparuk Area as such term is defined in Greater Kuparuk Joint Operating Agreement, Pre-Development, dated March 1, 1997, as amended, (b) oil and gas leases that expire, lapse or terminate or have expired, lapsed or terminated under their own terms, or (c) oil and gas leases which were released by ARCO Alaska prior to the Effective Time.

"Field" means each participating area or accumulation described in Schedule 8.9 of the Disclosure Schedules.

"Final Closing Marine Schedule of Settlements" has the meaning set forth in Section 2.3(d).

"Final Closing Pipeline Schedule of Settlements" has the meaning set forth in Section 2.5(b).

"Final Closing Producing Schedule of Settlements" has the meaning set forth in Section 2.3(d).

"Final Product Inventory Purchase Price" means the sum of Kupa-ruk Line Fill (in barrels) multiplied by (Kupa-ruk Royalty Price plus \$0.10) plus TAPS Line Fill (in barrels) multiplied by (TAPS Royalty Price plus \$1.44) plus Tanker Cargo (in barrels) multiplied by (TAPS Royalty Price plus \$3.525).

"First Closing" has the meaning set forth in Section 2.2(a).

"First Closing Date" has the meaning set forth in Section 2.2(a).

"First Closing Schedule of Settlements" has the meaning set forth in Section 2.3(a).

"First Closing Financial Statements" has the meaning set forth in Section 2.3(a).

"FTC" means the Federal Trade Commission.

"GAAP" means United States generally accepted accounting principles.

"Governmental Authorizations" means all licenses, permits, certificates and other authorizations and approvals of or issued by any Governmental Entity required (i) with respect to any party hereto, to perform their respective obligations hereunder and (ii) with respect to any of the Companies, to carry on its business substantially as currently conducted under applicable Law.

"Governmental Entity" means any foreign, federal, state, local, municipal, county, borough, or other governmental, quasi-governmental, administrative or regulatory authority, body, agency, court, tribunal, commission or other similar entity (including any branch, department or official thereof).

"Guarantees" has the meaning set forth in Section 5.7(b).

"Government Antitrust Entity" has the meaning set forth in Section 5.4(d).

"Hazardous Substances" means any substance listed, defined, designated or classified as hazardous, toxic or radioactive under any applicable Environmental Law, including petroleum and any derivative or by-product thereof.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnified Parties" has the meaning set forth in Section 8.3.

"Indemnifying Party" has the meaning set forth in Section 8.4.

"Initial Pipeline Assets Purchase Price" has the meaning set forth in Section 2.1.

"Initial Producing and Marine Assets Purchase Price" has the meaning set forth in Section 2.1.

"Key Personnel" has the meaning set forth in Schedule 5.6, Section 8.

"Knowledge of Sellers" or "Sellers' Knowledge" means the actual knowledge of those persons set forth on Schedule 1.1(E) of the Disclosure Schedule.

"Kuparuk" has the meaning set forth in the Recitals.

"Kuparuk Line Fill" means the barrels of Alaska North Slope oil and natural gas liquids owned by ARCO, determined as of 11:59 P.M. (Alaska Time) on the First Closing Date, that are contained between the inlet of Kuparuk's pipeline system and the inlet of TAPS Pump Station No. 1.

"Kuparuk Royalty Price" means the weighted average royalty price per barrel paid by ARCO Alaska for production attributable to the Kuparuk River Unit for the production month in which the First Closing occurs, as initially published in the Monthly Royalty Report by the State of Alaska.

"Kuparuk Shares" has the meaning set forth in the Recitals.

"Law" means any foreign, federal, state or local law, statute, ordinance, directive, rule, regulation, order, judgment, decree, injunction or other legally binding obligation imposed by a Governmental Entity.

"Long-Term Supply Contract" has the meaning set forth in Section 5.14.

"Losses" has the meaning set forth in Section 8.2.

"Marine Companies" means, collectively, AMI and ARCO Marine.

"Marine Employees" shall mean current and former employees of ARCO Marine for whom Sellers retain any liability pursuant to Schedule 5.6, Section 13.

"Marine Financial Statements" has the meaning set forth in Section 3.7.

"Material Adverse Effect" shall mean a material adverse effect on the financial condition, business, assets or results of operations of the Companies taken as a whole, but shall exclude any effect resulting from any change after the date of this Agreement (i) in Law or interpretations thereof, (ii) in economic or business conditions generally, (iii) in

the oil and gas industry generally or (iv) arising out of the announcement of this Agreement or the consummation of the transactions contemplated hereby.

"Material Contract" means any Contract to which any Company is a party that would be considered a "Material Contract" of the Companies under Item 601(b) of Regulation S-K promulgated under the Securities Act and the Exchange Act if all of the Companies, taken together, constituted a reporting company under the Exchange Act.

"Merger Agreement" has the meaning set forth in the Recitals.

"Necessary Consent" has the meaning set forth in Section 2.4(c).

"Net Revenue Interest Barrels" has the meaning set forth in Section 2.8(c).

"Non-Unit Reserve Pits" means the reserve pit sites associated with the Producing Properties other than the Unit Reserve Pits.

"NORM" means naturally occurring radioactive materials.

"Notice Period" has the meaning set forth in Section 8.4.

"Oliktok" has the meaning set forth in the Recitals.

"Oliktok Shares" has the meaning set forth in the Recitals.

"Order" has the meaning set forth in Section 5.4(d).

"Permitted Encumbrances" means any and all of the following:

- (a) the obligations of ARCO Alaska under the Alignment Agreement;
- (b) any consents to assignment required under Contracts set forth on Schedule 3.6;
- (c) preferential rights to purchase affecting any of the Shares or the Conveyed Properties described in Section 2.7;
- (d) rights to consent by, required notices to, and filings with any Governmental Entity associated with the conveyance of the Shares or Conveyed Properties;
- (e) rights reserved to or vested by Law in a Governmental Entity having jurisdiction to control or regulate any of the Companies or Properties in any manner whatsoever, and all Laws of such Governmental Entities;

(f) obligations and restrictions to which any Company or its Properties are subject under the Charter, the Provisional Consent Order or the State Consent Order;

(g) the terms and conditions of the unitizations, communitizations, poolings, agreements, instruments, licenses and permits affecting the Properties;

(h) liens for taxes or assessments not yet delinquent or, if delinquent, are being contested by a Seller or a Company in good faith in the ordinary course of business;

(i) liens of operators relating to obligations not yet delinquent or, if delinquent, are being contested by a Seller or a Company in good faith in the ordinary course of business; and

(j) the matters referenced on Schedule 3.8(a) and Schedule 3.8(b).

"Person" means an individual, a corporation, a partnership, an association, a limited liability company, a trust or other entity or organization, including any Governmental Entity.

"Personnel" has the meaning set forth in Schedule 5.6, Section 1.

"Pipeline Adjustment Payment" has the meaning set forth in Section 2.5(c).

"Pipeline Assets" means, collectively, the ATAI Shares, the Kuparuk Shares, the Oliktok Shares, the Alpine Shares, the CIPC Shares, the AMI Conveyed Contract and the Alpine Rights-of-Way.

"Pipeline Assets Purchase Price" has the meaning set forth in Section 2.1.

"Pipeline Companies" means, collectively, ATAI, Kuparuk, Oliktok, Alpine and CIPC.

"Pipeline Estimated Adjustment" has the meaning set forth in Section 2.4(b)(iii).

"Pipeline Financial Statements" has the meaning set forth in Section 3.7.

"Post-Closing Period" means (i) with respect to the Producing Companies, UTP Holdings, the Product Inventory and the AMI Conveyed Properties, each taxable period that starts after the First Closing Date and, in the case of a taxable period beginning before and ending after the First Closing Date, the portion of such period beginning after the First Closing Date, (ii) with respect to ARCO Marine, each taxable period that starts after the ARCO Marine Transfer Date and, in the case of a taxable period beginning before and ending after the ARCO Marine Transfer Date, the portion of such period beginning after the ARCO Marine Transfer Date, (iii) with respect to the Pipeline

Companies, CIPC and the Alpine Rights-of-Way, each taxable period that starts after the Second Closing Date and, in the case of a taxable period beginning before and ending after the Second Closing Date, the portion of such period beginning after the Second Closing Date and (iv) with respect to the AMI Conveyed Contract, each taxable period that starts after the applicable Closing Date, and, in the case of a taxable period beginning before and ending after such Closing Date, the portion of such period beginning after such Closing Date.

"Post-Effective Time Period" means each taxable period that begins after December 31, 1999 and, in the case of a taxable period beginning before and ending after December 31, 1999, the portion of such period beginning after December 31, 1999.

"Prairie" has the meaning set forth in the Recitals.

"Pre-Closing Period" means (i) with respect to the Producing Companies, UTP Holdings, ARCO Marine, the Product Inventory and the AMI Conveyed Properties, each taxable period that ends on or before the First Closing Date and, in the case of a taxable period beginning before and ending after the First Closing Date, the portion of such period through the end of the First Closing Date, (ii) with respect to ARCO Marine, each taxable period that ends on or before the ARCO Marine Transfer Date and, in the case of a taxable period beginning before and ending after the ARCO Marine Transfer Date, the portion of such period through the end of ARCO Marine Transfer Date, (iii) with respect to the Pipeline Companies, CIPC and the Alpine Rights-of-Way, each taxable period that ends on or before the Second Closing Date and, in the case of a taxable period beginning before and ending after the Second Closing Date, the portion of such period through the end of the Second Closing Date and (iv) with respect to the AMI Conveyed Contract, each taxable period that ends on or before the applicable Closing Date, and, in the case of a taxable period beginning before and ending after such Closing Date, the portion of such period through the end of such Closing Date.

"Pre-Effective Time Period" means each taxable period that ends on or before December 31, 1999 and, in the case of a taxable period beginning before and ending after December 31, 1999, the portion of such period through the end of December 31, 1999.

"Preferential Right" has the meaning set forth in Section 2.7.

"Process Safety Management" means all processes and activities required to comply with Process Safety Management of Highly Hazardous Chemicals; Explosives and Blasting Agents (29 U.S. Code of Federal Regulations § 1910), as amended from time to time.

"Producing and Marine Adjustment Payment" has the meaning set forth in Section 2.3(e).



"Producing and Marine Assets" means, collectively, the ARCO Alaska Shares, the UTP Holdings Shares, the ARCO Beluga Shares, the ARCO Marine Shares, the AMI Conveyed Properties and the Product Inventory.

"Producing and Marine Assets Purchase Price" has the meaning set forth in Section 2.1.

"Producing and Marine Estimated Adjustment" has the meaning set forth in Section 2.2(b)(vi).

"Producing Companies" means, collectively, ARCO Alaska, UTA and ARCO Beluga.

"Producing Financial Statements" has the meaning set forth in Section 3.7.

"Producing Properties" means, with respect to ARCO Alaska, UTA and ARCO Beluga, all oil and gas leasehold interests constituting part of the Properties of such Company and all property (whether real, personal or mixed) relating to, situated upon, used or held for use by such Company in connection with the ownership, operation, maintenance or repair of such leasehold interests.

"Product Inventory" means the Kuparuk Line Fill, the TAPS Line Fill and the Tanker Cargo.

"Product Inventory Purchase Price Adjustment" means the Final Product Inventory Purchase Price minus the Estimated Product Inventory Purchase Price.

"Properties" means (i) with respect to each Company, all rights and interests of any kind held by such Company in and to any property, whether real, personal, mixed, contractual or otherwise, (ii) with respect to ARCO, all rights and interests of any kind held by ARCO in and to the Alpine Rights-of-Way; (iii) with respect to AMI, all rights and interests of any kind held by AMI in and to the AMI Conveyed Properties and the AMI Conveyed Contract; and (iv) with respect to ARCO, all rights and interests of ARCO in and to the Product Inventory.

"Provisional Consent Order" means the Decree and Order of the FTC in the matter of BP Amoco and ARCO prior to the entry of a final order in respect thereof.

"Purchase Price" has the meaning set forth in Section 2.1.

"Purchaser" has the meaning set forth in the Preamble.

"Purchaser Defined Contribution Plan" has the meaning set forth in Schedule 5.6, Section 3.

"Purchaser Indemnified Parties" has the meaning set forth in Section 8.3.

"Purchaser Pension Plans" has the meaning set forth in Schedule 5.6, Section 2.

"Purchaser Savings Plan" has the meaning set forth in Schedule 5.6, Section 4.

"Purchaser's Objection" has the meaning set forth in Section 2.3(b).

"Purchaser Tax Indemnitee" means the Purchaser and its Subsidiaries and Affiliates (including each Company after the Closing Date applicable to such Company).

"RCA" has the meaning set forth in Section 2.6(a)(iii).

"Required Governmental Consents" means the reports, filings, registrations, notices, consents, approvals, waivers, and authorizations referred to in Section 3.5 (including Schedule 3.5 of the Disclosure Schedule) and Section 4.3.

"Second Closing" has the meaning set forth in Section 2.4(a).

"Second Closing Date" has the meaning set forth in Section 2.4(a).

"Section 338(h)(10) Election" has the meaning set forth in Section 5.5(f)(i).

"Securities Act" means the United States Securities Act of 1933, as amended.

"Seller" and "Sellers" have the meaning set forth in the Preamble.

"Seller Indemnified Parties" has the meaning set forth in Section 8.2.

"Seller Tax Indemnitee" means Sellers and their Subsidiaries and Affiliates, other than the Companies.

"Settlements" has the meaning set forth in Section 2.3(a).

"Shares" has the meaning set forth in the Recitals.

"SSP" has the meaning set forth in Section 2.8(a).

"State Consent Order" means the Consent Decree and Final Judgment in the matter of State of California, State of Oregon and State of Washington v. Atlantic Richfield Company and BP Amoco p.l.c.

"Subsidiary" means with respect to any Person, any corporation or other entity of which such Person has, directly or indirectly, ownership of securities or other interests having the power to elect a majority of such corporation's Board of Directors (or similar governing body), or otherwise having the power to direct the business and policies of that corporation.

"Tanker Cargo" means the barrels of Alaska North Slope oil and natural gas liquids owned by ARCO, determined as of 11:59 P.M. (Alaska Time) on the First Closing Date, that are contained on board any tanker that on-loaded its cargo at Valdez and has not begun off-loading such cargo.

"TAPS" means the Trans Alaska Pipeline System.

"TAPS Line Fill" means the barrels of Alaska North Slope oil and natural gas liquids owned by ARCO, determined as of the 11:59 P.M. (Alaska Time) on the First Closing Date based upon the Alyeska Pipeline Service Company Owner Data Reporting System Inventory By Carrier/Owner RPT NO. ODR - 1 and provided by the applicable carriers, that are contained between the inlet of TAPS Pump Station No. 1 and the outlet of the Valdez terminal.

"TAPS Royalty Price" means the weighted average royalty price per barrel, calculated excluding gas products and natural gas liquids injected at Kuparuk River Unit paid by ARCO Alaska for the production month in which the First Closing occurs, as initially published in the Monthly Royalty Report by the State of Alaska.

"Taxes" shall mean all federal, state, local or foreign income, gross receipts, windfall profits, value added, severance, property, production, sales, use, license, excise, franchise, employment, withholding or similar taxes together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"Tax Indemnatee" means either a Purchaser Tax Indemnatee or a Seller Tax Indemnatee.

"Tax Package" has the meaning set forth in Section 5.5(c).

"Tax Proceeding" has the meaning set forth in Section 5.5(a)(viii).

"Tax Reserves" means amounts payable, accrued liabilities or other amounts owing in respect of Taxes attributable to the operations of any Company.

"Tax Returns" means all reports and returns required to be filed with respect to Taxes.

"Third Party Claim Notice" has the meaning set forth in Section 8.4.

"Third Party Claims" means any and all claims, demands, suits, causes of action, losses, damages, liabilities, fines, penalties and costs (including, without limitation, attorneys' fees and costs of litigation), whether known or unknown, that are brought by or owed to a "third party". For the purpose of this definition, the term "third party" shall mean any Person other than the parties hereto; provided that a claim, demand, suit or cause of action by an officer, director, employee or Affiliate of a party against that Party shall not be a claim, demand, suit or cause of action brought by or owed to a "third party".

"Third Party Intellectual Property" has the meaning set forth in Section 5.15(e).

"Transition Date" has the meaning set forth in Schedule 5.6, Section 12.

"Unistar" means Unistar, Inc., a Delaware corporation.

"Unit Reserve Pits" means the reserve pit sites associated with the Producing Properties that are subject to that certain Stipulation And Final Consent Judgment, dated May 3, 1993, entered in Natural Resources Defense Council Inc. v. ARCO Alaska, Inc., No. A88-287 CIV (D. Alaska), as amended, and other reserve pits associated with currently active oil and gas production units in which any Company has a unit interest.

"UTA" has the meaning set forth in the Recitals.

"UTA Interests" has the meaning set forth in the Recitals.

"UTP Energy" means Union Texas Petroleum Energy Corporation, a Delaware corporation.

"UTP Holdings" has the meaning set forth in the Recitals.

"UTP Holdings Shares" has the meaning set forth in the Recitals.

"Value" means, with respect to each Field, the specified amount allocated in Schedule 8.9 of the Disclosure Schedule to the Area Participation Percentage in such Field.

"WARN Obligations" has the meaning set forth in Schedule 5.6, Section 9.

"WTI Price" has the meaning set forth in Section 2.8(c).

"Year-End Financial Statements" has the meaning set forth in Section 3.7.

Section 1.2 Other Terms. Other terms may be defined elsewhere in the text of this Agreement or the Schedules hereto and, unless otherwise indicated, have such meanings throughout this Agreement.

Section 1.3 Other Definitional Provisions. (a) The words "hereof", "herein", and "hereunder" and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) Terms defined in the singular have a comparable meaning when used in the plural, and vice versa.

(c) Wherever the word "include," "includes," or "including" is used in this Agreement, it shall be deemed to be followed by the words "without limitation."

(d) This Agreement shall be deemed to have been drafted by each party hereto and shall not be construed against any party as the principal draftsman hereof.

## Article II PURCHASE AND SALE OF THE SHARES AND CONVEYED PROPERTIES

Section 2.1 Purchase and Sale. On the terms and subject to the conditions set forth herein:

(a) ARCO agrees to sell, transfer, assign, convey and deliver to Purchaser the ARCO Alaska Shares, the ATAI Shares, the Kuparuk Shares, the Oliktok Shares, the Alpine Shares, the ARCO Marine Shares, the UTP Holdings Shares, the CIPC Shares and the Alpine Rights-of-Way;

(b) CH-20 agrees to sell, transfer, assign, convey and deliver to Purchaser the ARCO Beluga Shares;

(c) ARCO agrees to cause AMI to sell, transfer, assign, convey and deliver to Purchaser the AMI Conveyed Properties and the AMI Conveyed Contract; and

(d) ARCO agrees to sell, transfer, assign, convey and deliver to Purchaser the Product Inventory;

and Purchaser agrees to purchase and accept from Sellers and AMI, all of such Shares, Conveyed Properties and Product Inventory, for an aggregate purchase price (the "Purchase Price") consisting of (i) for the Producing and Marine Assets, \$5,724,213,643 (the "Initial Producing and Marine Assets Purchase Price"), subject to adjustment as provided in Sections 2.3 and 2.8(e) (as so adjusted, the "Producing and Marine Assets Purchase Price"), plus, as additional consideration for ARCO Alaska and UTP Holdings,

such SSPs as are payable in respect of production occurring after the Cutoff Date pursuant to Section 2.8 and (ii) for the Pipeline Assets, \$921,000,000, less the aggregate principal amount of Bonds outstanding as of the close of business on the day prior to the Second Closing Date (the "Initial Pipeline Assets Purchase Price"), less any reduction required pursuant to Section 2.7 and subject to adjustment as provided in Section 2.5 (as so reduced or adjusted, the "Pipeline Assets Purchase Price").

**Section 2.2    First Closing: Producing and Marine Assets Delivery and Payment.**

(a) The consummation of the purchase and sale of the Producing and Marine Assets other than the ARCO Marine Shares (the delivery of which to Purchaser shall be effected in accordance with Section 2.6(b)(vi)) (the "First Closing") shall take place at the offices of Sullivan & Cromwell, 125 Broad Street, New York, New York at 10:00 A.M., New York City time, on the later of (i) the third Business Day following satisfaction or waiver of the conditions set forth in Sections 6.1, 6.2 and 6.3 of this Agreement (other than those conditions that by their terms are to be satisfied at the First Closing, but subject to the satisfaction or waiver at or prior to the First Closing of all such conditions) and (ii) the tenth calendar day following the consummation of the BP Amoco/ARCO Merger, or at such other time and place as the parties hereto may mutually agree, but in no event shall occur before April 3, 2000. The date and time at which the First Closing occurs is sometimes referred to herein as the "First Closing Date".

(b) At the First Closing:

(i) ARCO shall deliver to Purchaser certificates evidencing the ARCO Alaska Shares and the UTP Holdings Shares, each duly endorsed in blank or accompanied by stock powers duly executed in blank, in proper form for transfer and with any requisite stock transfer tax stamps properly affixed thereto;

(ii) CH-20 shall deliver to Purchaser a certificate or certificates evidencing the ARCO Beluga Shares, duly endorsed in blank or accompanied by stock powers duly executed in blank, in proper form for transfer and with any requisite stock transfer tax stamps properly affixed thereto;

(iii) ARCO shall cause AMI to deliver to Purchaser an instrument of sale and assignment, in a form reasonably acceptable to Purchaser, for the AMI Conveyed Properties, the deliveries of which to Purchaser shall be subject to the timing for such deliveries agreed between the parties, as specified in such instrument;

(iv) ARCO shall deliver or cause its Subsidiaries to deliver to Purchaser a bill of sale, in a form reasonably acceptable to Purchaser, for the Product Inventory;

(v) ARCO shall deliver or cause to be delivered to Purchaser (A) all documents or other media constituting ARCO Seismic Data and (B) an instrument of sale and assignment, in a form reasonably acceptable to Purchaser, for the ARCO Patents, in each case to be transferred to Purchaser in accordance with Section 5.15; and

(vi) Purchaser shall pay to Sellers an amount equal to the sum of (A) the Initial Producing and Marine Assets Purchase Price (B) an estimate (expressed as a positive or a negative amount), prepared by Sellers and delivered to Purchaser at least three Business Days prior to the First Closing Date, of any adjustment to the Initial Producing and Marine Assets Purchase Price that will be required in accordance with Section 2.3 (a) through (e) (the "Producing and Marine Estimated Adjustment") and (C) such SSPs as are payable in respect of production occurring from the Effective Time to and including the Cutoff Date pursuant to Section 2.8(e), by wire transfer of immediately available funds to an account or accounts designated in writing not less than two Business Days prior to the First Closing by Sellers to Purchaser. The Initial Producing and Marine Assets Purchase Price shall be allocated among ARCO, CH-20 and AMI as set forth on Schedule 2.2(b) of the Disclosure Schedule, subject to such adjustments thereto as may be required by any adjustments to the Initial Producing and Marine Assets Purchase Price in accordance with Section 2.3, which adjustments shall be allocated among ARCO, CH-20 and AMI in the manner agreed by Sellers and Purchaser. The parties agree that the foregoing allocation and those set forth in Section 2.8(f) shall be binding on the Sellers and Purchaser and their respective Affiliates and shall be used by them for all Tax reporting.

**Section 2.3 Adjustments to the Initial Producing and Marine Assets Purchase Price.**

(a) Within 120 days following the First Closing Date, Sellers shall prepare and deliver to Purchaser a schedule of Settlements and special purpose audited financial statements (including a balance sheet, income statement and statement of cash flows) for the Producing Companies for the period beginning as of the Effective Date and ending at the close of business on the First Closing Date or, in the case of such balance sheet, as at the close of business on the First Closing Date (a "Closing Producing Schedule of Settlements" and "Closing Producing Financial Statements," respectively) and a schedule of Settlements and special purpose audited financial statements (including a balance sheet, income statement and statement of cash flows) for the Marine Companies for the same period and as at the same date, except that with respect to ARCO Marine,

the operations, activities, transactions and accounts will be included only through the ARCO Marine Transfer Date (a "Closing Marine Schedule of Settlements" and "Closing Marine Financial Statements," respectively). The Closing Producing Schedule of Settlements and the Closing Marine Schedule of Settlements are referred to herein as the "First Closing Schedules of Settlements" and the Closing Producing Financial Statements and the Closing Marine Financial Statements are referred to herein as the "First Closing Financial Statements". Each of the Closing Producing Financial Statements and the Closing Marine Financial Statements will be prepared in accordance with GAAP, applied in a manner consistent with the accounting principles and methodology used in preparation of the Producing Financial Statements and the Marine Financial Statements, respectively. Each First Closing Schedule of Settlements shall include a line item for "Settlements" for the period covered thereby, and shall be prepared in accordance with the procedures set forth in this Section 2.3(a). Each First Closing Schedule of Settlements shall be accompanied by a report thereon of Ernst & Young LLP that the Settlements have been determined in accordance with this Section 2.3(a). Purchaser shall provide Sellers and their accountants full access to the books and records, any other information, including working papers of its accountants, and to any employees, to the extent necessary for Sellers to prepare the First Closing Schedules of Settlements and the First Closing Financial Statements to be delivered by Sellers. For purposes of this Article II, the term "Settlements" means, with respect to the applicable period, the net cash withdrawn from or contributed to the Producing Companies, the Marine Companies or the Pipeline Companies, as applicable, by (i) ARCO, (ii) any Affiliate of ARCO that is not a Company or (iii) UTP Holdings, including provision for payment of any receivables or payables with ARCO or any Affiliate of ARCO in accordance with past practice. Generally consistent, except as modified by clauses (2), (3), (4), (6) and (9) below, with the "Settlements with ARCO" line on the cash flow statements included in the Year-End Financial Statements described in Section 3.7, Settlements will be determined by the following methodology, which shall constitute a First Closing Schedule of Settlements, or, as applied pursuant to Section 2.5(a), the Closing Pipeline Schedule of Settlements:

- (1) The base amount shall be net income (loss) before income taxes\*;
- (2) Add back any charges\* from (A) ARCO, (B) any Affiliate of ARCO that is not a Company or (C) UTP Holdings for employee benefit costs or corporate services included in (1) above;

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\* The Schedule of Settlements items set forth in clauses (1), (2), (5), (7), (8) and (9) will be determined from the applicable First Closing Financial Statements or the Closing Pipeline Financial Statements, as the case may be.



(3) Subtract employee benefit costs for benefits provided by (A) ARCO, (B) any Affiliate of ARCO that is not a Company or (C) UTP Holdings at the rate of 28% of salaries and wages expense, and charges of \$1,200,000 for the Producing Companies, \$500,000 for the Pipeline Companies, and \$250,000 for the Marine Companies, per month, for corporate services, pro-rated for any partial month periods;

(4) Adjust by an amount determined as the product of a specified tax rate of 38.5% and net income (loss) before income taxes, as adjusted for (2) and (3) above, but without regard to any income or loss relating to any Taxes set forth in Section 5.5(a)(i)(D), (E), (G) or (H), and without regard to any income or loss relating to any extraordinary transaction occurring before the Effective Date;

(5) Adjust to remove non-cash amounts in (1) above, which will include, but not necessarily be limited to, (A) adjustments to remove the effects of changes in non-cash working capital but not including any income taxes payable or refundable, (B) depreciation, depletion and amortization charges, including non-cash charges for future dismantlement, restoration and abandonment and (C) non-cash dry hole expense\*;

(6) Plus the amount of taxes (other than income taxes) included in the accrued liabilities at December 31, 1999, as shown in the audited Year-End Financial Statements referenced in Section 3.7;

(7) Plus or minus cash flows from investing activities\*;

(8) Plus or minus cash flows from financing activities\* other than activities with (A) ARCO, (B) any Affiliate of ARCO that is not a Company or (C) UTP Holdings;

(9) (A) Plus any cash investment into or minus any cash withdrawal from the capital construction fund of AMI and (B) plus the amount of any payments (net of any refunds) made by AMI under the AMI Conveyed Contract\*;  
and

(10) The amount of Settlements shall be computed by subtracting the amount computed in items (1) through (9) from any net change during the period,

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\* The Schedule of Settlements items set forth in clauses (1), (2), (5), (7), (8) and (9) will be determined from the applicable First Closing Financial Statements or the Closing Pipeline Financial Statements, as the case may be.

expressed as a positive (if an increase) or negative (if a decrease) amount, in cash retained in the applicable Company.

(b) Purchaser shall, within 60 days after the delivery by Sellers of the First Closing Schedules of Settlements, complete its review of Settlements as reflected on each First Closing Schedule of Settlements. Each First Closing Schedule of Settlements shall be binding and conclusive upon, and deemed accepted by, Purchaser unless Purchaser shall have notified Sellers in writing within 60 days after delivery of the First Closing Schedules of Settlements of any good faith objection (a "Purchaser's Objection") to any item on such First Closing Schedule of Settlements, provided that no such objection may be based on (i) the accounting principles and methodology used in preparation of such First Closing Schedule of Settlements or the related First Closing Financial Statements if such accounting principles and methodology are consistent with the accounting principles and methodology used in preparation of the Producing Financial Statements or the Marine Financial Statements, as the case may be, and the provisions of this Agreement or (ii) the pricing of goods, services, costs and charges between any Company and ARCO or any Affiliate of ARCO to the extent such pricing is consistent with past practice prior to the Effective Date, except as expressly provided in clause (3) of Section 2.3(a). A Purchaser's Objection shall set forth a specific description of the basis of Purchaser's objection and the adjustments to Settlements reflected on each First Closing Statement of Settlements which Purchaser believes should be made. Any items not disputed during the aforementioned 60-day period shall be deemed to have been accepted by Purchaser.

(c) If Sellers and Purchaser are unable to resolve all of their disputes with respect to either First Closing Schedule of Settlements within 15 days following Sellers' receipt of Purchaser's Objection pursuant to Section 2.3(b), they shall refer their remaining differences to Deloitte & Touche or another internationally recognized firm of independent public accountants as to which Sellers and Purchaser mutually agree (the "CPA Firm") for decision as to whether, insofar as it relates to the unresolved elements of the Purchaser's Objection, the First Closing Schedule of Settlements that is the subject of the Purchaser's Objection was prepared in accordance with the procedure set forth in Section 2.3(a), or whether the relevant First Closing Financial Statements on which such First Closing Schedule of Settlements was based present fairly in accordance with GAAP, applied in a manner consistent with the accounting principles and methodology used in preparation of the Producing Financial Statements or Marine Financial Statements, as the case may be, the financial position, results of operations and cash flows of the entities included therein for the periods presented, which decision shall be final and binding on the parties. Any unresolved element of Purchaser's Objection shall be submitted to the CPA Firm only if such element individually would have an effect on the Producing and Marine Adjustment Payment exceeding \$250,000 if resolved in Purchaser's favor, and then only if the total effect on the Producing and Marine Adjustment Payment of all unresolved elements of Purchaser's Objection taken together would exceed \$2,000,000 if

all such elements were resolved in Purchaser's favor. Otherwise, each First Closing Schedule of Settlements, as adjusted pursuant to any agreement between the parties, shall be deemed accepted by Purchaser. The procedure and schedule under which any dispute shall be submitted to the CPA Firm shall be as follows:

(i) Within 15 days following a Purchaser's Objection under Section 2.3(b), Purchaser shall submit any unresolved elements of its objection to the CPA Firm in writing, supported by any documents and/or affidavits upon which it relies. Failure to do so shall constitute a withdrawal by Purchaser of Purchaser's Objection with respect to any unresolved element to which such failure relates.

(ii) Within 15 days following Purchaser's submission of the unresolved elements of Purchaser's Objection as specified in clause (i) above, Sellers shall submit their response to the CPA Firm in writing, supported by any documents and/or affidavits upon which it relies.

(iii) The CPA Firm shall deliver its written opinion within 20 days following its receipt of the information provided for in clauses (i) and (ii) above, or such longer period of time as the CPA Firm determines is necessary. Sellers and Purchaser shall make readily available to the CPA Firm all relevant books and records and any work papers (including those of the parties' respective accountants) relating to the applicable First Closing Schedules of Settlements and all other items reasonably requested by the CPA Firm.

Each party shall deliver to the other a copy of all material submitted to the CPA Firm within one Business Day after such material is so submitted. Any expenses relating to the engagement of the CPA Firm shall be shared equally by Sellers and Purchaser. Sellers and Purchaser shall each bear the fees of their respective accountants incurred in connection with the review and determination contemplated by this Section 2.3(c).

(d) Each of the Closing Producing Schedule of Settlements and the Closing Marine Schedule of Settlements shall become final and binding on the parties upon the earliest of (i) if no Purchaser's Objection has been given with respect to such First Closing Schedule of Settlements, the expiration of the period within which Purchaser must make its objection pursuant to Section 2.3(b), (ii) agreement in writing by Sellers and Purchaser that such First Closing Schedules of Settlements, together with any modifications thereto agreed by Sellers and Purchaser, shall be final and binding, (iii) the deemed withdrawal of the last unresolved element of Purchaser's Objection in accordance with Section 2.3(c)(i), and (iv) the date on which the CPA Firm shall issue its written determination with respect to any dispute relating to such First Closing Schedules of Settlements. Each of the Closing Producing Schedule of Settlements and the Closing Marine Schedule of Settlements, in each case as submitted by Sellers if no timely

Purchaser's Objection has been given or as adjusted pursuant to any agreement between the parties or as determined pursuant to the decision of the CPA Firm, when final and binding on all parties, is herein referred to as the "Final Closing Producing Schedule of Settlements" and the "Final Closing Marine Schedule of Settlements," respectively.

(e) Within 10 Business Days following issuance of the Final Closing Producing Schedule of Settlements and the Final Closing Marine Schedule of Settlements, respectively, the net adjustment payment payable pursuant to this Section 2.3(e) (the "Producing and Marine Adjustment Payment") shall be paid by wire transfer of immediately available funds to a bank account designated by Sellers or Purchaser, as the case may be. The Producing and Marine Adjustment Payment shall be equal to (i) the sum of the amounts (whether positive or negative) shown as Settlements on the Final Closing Producing Schedule of Settlements and the Final Closing Marine Schedule of Settlements, respectively, minus (ii) the Producing and Marine Estimated Adjustment, in the case of each of (i) and (ii), expressed as a positive or negative amount. The Producing and Marine Adjustment Payment shall be payable by Purchaser to Sellers, if positive, and by Sellers to Purchaser, if negative.

(f) As soon as reasonably practicable, but in no event later than 90 days after the First Closing Date, ARCO will deliver to Purchaser a statement that sets forth ARCO's determination of the Product Inventory Purchase Price Adjustment. ARCO will provide Purchaser access during ARCO's regular business hours to records necessary for Purchaser to conduct a review of such statement. As soon as reasonably practicable, but in no event later than 30 days after Purchaser receives such statement, Purchaser may deliver to ARCO a written report containing the changes that Purchaser proposes to be made to the statement. If Purchaser fails to timely deliver the written report to ARCO containing changes Purchaser proposes to be made to such statement, such statement as delivered by ARCO will be deemed to be correct and will be final and binding on the parties and not subject to further review, audit or adjustment. As soon as practicable, but in no event later than 30 days after ARCO receives Purchaser's written report, the parties shall meet and undertake to agree on the final adjustments to the statement. If the parties fail to agree on the final adjustments to the statement within the 30-day period, either party may submit the dispute to the CPA Firm for resolution. If neither party submits the dispute to the CPA Firm for resolution within such 30-day period, the statement delivered by ARCO will be deemed to be correct and will be final and binding on the parties and not subject to further review, audit or adjustment. In resolving any dispute, the CPA Firm shall limit its review to verifying the Kuparuk Royalty Price, TAPS Royalty Price, Kuparuk Line Fill (in barrels), TAPS Line Fill (in barrels), Tanker Cargo (in barrels), and Final Product Inventory Purchase Price. The parties shall direct the CPA Firm to resolve the disputes within 60 days after having the relevant materials submitted for review. The decision of the CPA Firm shall be binding on and non-appealable by the parties. If the Product Inventory Purchase Price Adjustment is negative, then ARCO shall pay Purchaser an amount equal to the Product Inventory Purchase Price Adjustment, and if

the Product Inventory Purchase Price Adjustment is positive, then Purchaser shall pay ARCO an amount equal to the Product Inventory Purchase Price Adjustment. Any amounts owed by one party to the other as a result of the review process will be paid by wire transfer of immediately available funds to a bank account designated by ARCO or Purchaser, as the case may be, within 30 days after the date when the statement delivered by ARCO to Purchaser becomes final and binding on the parties, final adjustments to the statement are agreed upon by ARCO and Purchaser or they receive the decision of the CPA Firm.

**Section 2.4    Second Closing: Pipeline Assets Delivery and Payment.**

(a) The consummation of the purchase and sale of the Pipeline Assets (the "Second Closing"; each of the First Closing and the Second Closing being referred to herein as a "Closing") shall take place at the offices of Sullivan & Cromwell, 125 Broad Street, New York, New York at 10:00 A.M., New York City time, on the third Business Day following satisfaction or waiver of the conditions set forth in Section 6.4 of this Agreement (other than those conditions that by their terms are to be satisfied at the Second Closing, but subject to the satisfaction or waiver at or prior to the Second Closing of all such conditions), or at such other time and place as the parties hereto may mutually agree. The date and time at which the Second Closing occurs is sometimes referred to herein as the "Second Closing Date".

(b) At the Second Closing, subject to the provisions of Section 2.4(c):

(i) ARCO shall deliver to Purchaser (A) certificates evidencing the ATAI Shares, the Kuparuk Shares, the Oliktok Shares, the Alpine Shares and the CIPC Shares, each duly endorsed in blank or accompanied by stock powers duly executed in blank, in proper form for transfer and with any requisite stock transfer tax stamps properly affixed thereto, and (B) an instrument or instruments of transfer, assignment and conveyance, in a form to be reasonably acceptable to Purchaser, sufficient to transfer, assign and convey to Purchaser the Alpine Rights-of-Way;

(ii) ARCO shall cause AMI to execute and deliver to Purchaser, and Purchaser shall execute and deliver to AMI, an instrument of assignment and assumption, in a form reasonably acceptable to ARCO and Purchaser, for the AMI Conveyed Contract; and

(iii) Purchaser shall pay to Sellers an amount equal to the sum of (A) the Initial Pipeline Assets Purchase Price, less any reduction required pursuant to Section 2.7, and (B) an estimate (expressed as a positive or a negative amount), prepared by Sellers and delivered to Purchaser at least three Business Days prior to the Second Closing Date, of any adjustment to the Initial Pipeline Assets

Purchase Price as of the Second Closing Date that will be required in accordance with Section 2.5 (the "Pipeline Estimated Adjustment"), by wire transfer of immediately available funds to an account or accounts designated in writing not less than two Business Days prior to the Second Closing by Sellers to Purchaser. The Initial Pipeline Assets Purchase Price shall be allocated among the Pipeline Assets as set forth on Schedule 2.4(b) of the Disclosure Schedule, subject to such adjustments thereto as may be required by any adjustments to the Initial Pipeline Assets Purchase Price in accordance with Section 2.5, which adjustments shall be allocated among the Pipeline Assets in the manner agreed by Sellers and Purchaser. The parties agree that the foregoing allocation shall be binding on the Sellers and Purchaser and their respective Affiliates and shall be used by them for all Tax reporting.

(c) In the event that all Required Governmental Consents and any other consent or waiver of any third party necessary for the sale, transfer, assignment, conveyance and delivery of the Pipeline Assets (each, a "Necessary Consent") shall have been obtained except that a Preferential Right shall have been exercised in respect of the ATAI Shares (or the underlying Properties) or the CIPC Shares, the sale, transfer, assignment, conveyance and delivery of all Pipeline Assets other than the Shares in respect of which, or in respect of the underlying Properties of which, a Preferential Right was exercised shall proceed in accordance with Section 2.4(b), provided that (i) the Shares in respect of which, or in respect of the underlying Properties of which, the Preferential Right was exercised will not be sold, transferred, assigned, conveyed or delivered to Purchaser and the parties shall have no further obligation to each other with respect to the same except as provided in Section 2.7, (ii) the Initial Pipeline Assets Purchase Price shall be reduced as provided in Section 2.7 and (iii) the Pipeline Estimated Adjustment shall exclude any estimated Settlements with respect to such Shares.

#### Section 2.5 Adjustments to the Pipeline Assets Purchase Price.

(a) Within 120 days following the Second Closing Date, Sellers shall prepare and deliver to Purchaser a schedule of Settlements and audited special purpose financial statements (including a balance sheet, income statement and statement of cash flows) for the Pipeline Companies for the period beginning as of the Effective Date and ending at the close of business on the Second Closing Date or, in the case of such balance sheet, as at the close of business on the Second Closing Date (a "Closing Pipeline Schedule of Settlements" and "Closing Pipeline Financial Statements," respectively). The Closing Pipeline Financial Statements will be prepared in accordance with GAAP, applied in a manner consistent with the accounting principles and methodology used in preparation of the Pipeline Financial Statements. The Closing Pipeline Schedule of Settlements shall include a line item for Settlements for the period covered thereby and shall be prepared in accordance with the procedures set forth in Section 2.3(a) to the extent applicable to the Pipeline Companies. The Closing Pipeline Schedule of

Settlements shall be accompanied by a report thereon of Ernst & Young LLP that the Settlements have been determined in accordance with Section 2.3(a) to the extent applicable to the Pipeline Companies. Purchaser shall provide ARCO and its accountants full access to the books and records, any other information, including working papers of its accountants, and to any employees, to the extent necessary for ARCO to prepare the Closing Pipeline Schedule of Settlements and the Closing Pipeline Financial Statement delivered by Sellers. "Settlements" has the meaning described in Section 2.3(a).

(b) Purchaser shall, within 60 days after the delivery by ARCO of the Closing Pipeline Schedule of Settlements, complete its review of Settlements as reflected on the Closing Pipeline Schedule of Settlements. The Closing Pipeline Schedule of Settlements shall be binding and conclusive upon, and deemed accepted by, Purchaser unless Purchaser shall have notified ARCO in writing within 60 days after delivery of the Closing Pipeline Schedule of Settlements of any good faith objection to any item on such Closing Pipeline Schedule of Settlements, provided that no such objection may be based on (i) the accounting principles and methodology used in preparation of such Closing Pipeline Schedule of Settlements or the related Closing Pipeline Financial Statements if such accounting principles and methodology are consistent with the accounting principles and methodology used in preparation of the Pipeline Financial Statements and the provisions of this Agreement or (ii) the pricing of goods, services, costs and charges between any Pipeline Company and ARCO (or any Affiliate of ARCO that is not a Company) to the extent such pricing is consistent with past practice prior to the Effective Date, except as expressly provided in clause (3) of Section 2.3(a). The procedures for the resolution of any such good faith objection (which shall constitute a "Purchaser's Objection") shall be the procedures applicable to a Purchaser's Objection pursuant to Sections 2.3(b), (c) and (d); provided that any unresolved element of Purchaser's Objection shall be submitted to the CPA Firm only if such element individually would have an effect on the Pipeline Adjustment Payment exceeding \$250,000 if resolved in Purchaser's favor, and then only if the total effect on the Pipeline Adjustment Payment of all unresolved elements of Purchaser's Objection taken together would exceed \$2,000,000 if all such elements were resolved in Purchaser's favor. Otherwise, each of the Closing Pipeline Schedule of Settlements, as adjusted pursuant to any agreement between the Parties, shall be deemed accepted by Purchaser. The Closing Pipeline Schedule of Settlements, as submitted by ARCO if no timely Purchaser's Objection has been given or as adjusted pursuant to any agreement between the parties or as determined pursuant to the decision of the CPA Firm, when final and binding on all parties, is herein referred to as the "Final Closing Pipeline Schedule of Settlements."

(c) Within 10 Business Days following issuance of the Final Closing Pipeline Schedule of Settlements, the net adjustment payment payable pursuant to this Section 2.5(c) (the "Pipeline Adjustment Payment") shall be paid by wire transfer of immediately available funds to a bank account designated by ARCO or Purchaser, as the case may be. The Pipeline Adjustment Payment shall be equal to (i) the amount shown as

Settlements on the Final Closing Pipeline Schedule of Settlements, minus (ii) the Pipeline Estimated Adjustment, in the case of each of (i) and (ii), expressed as a positive or negative amount, plus (iii) the amount of any payments (net of any refunds) made by AMI under the AMI Conveyed Contract during the period beginning on the Effective Date and ending on the Second Closing Date. The Pipeline Adjustment Payment shall be payable by Purchaser to ARCO, if positive, and by ARCO to Purchaser, if negative.

(d) In the event that the provisions of Section 2.4(c) shall apply in connection with the Second Closing with respect to any of the Pipeline Assets, the provisions of this Section 2.5 shall remain in effect, provided that the Closing Pipeline Settlement Schedule shall exclude any items attributable to any Pipeline Company the Shares of which will not be sold, transferred, assigned, conveyed or delivered to Purchaser in accordance with Section 2.4(c) and 2.7.

Section 2.6 Actions Prior to First Closing.

(a) Prior to the date hereof:

(i) ARCO has filed applications with the Alaska Department of Natural Resources for approval of the assignments of the ARCO Oil and Gas Leases to ARCO Alaska. Upon approval of such assignments, whether before or after the First Closing Date, the effective date for each such assignment will be February 1, 2000;

(ii) ARCO Alaska has filed an application with the State of Alaska for approval of the transfer of the Alpine Utility Right-of-Way to ARCO; and

(iii) ARCO Alaska has applied to the Regulatory Commission of Alaska ("RCA") for approval of the transfer of the Certificate of Public Convenience and Necessity relating to the Alpine crude oil pipeline (the "Alpine Certificate") to Alpine.

(b) The parties agree and acknowledge that prior to the First Closing:

(i) ARCO shall transfer, assign, convey and deliver to ARCO Alaska: (A) ARCO's real property interest in the office complex in Anchorage, Alaska more particularly described on Schedule 2.6 of the Disclosure Schedule, (B) the aircraft leases described on Schedule 2.6 of the Disclosure Schedule; and (C) subject to the approval referred to in Section 2.6(a)(i), the ARCO Oil and Gas Leases;



(ii) Subject to the approval referred to in Section 2.6(a)(ii), ARCO Alaska shall transfer, assign, convey and deliver to ARCO the Alpine Utility Right-of-Way;

(iii) Subject to the approval referred to in Section 2.6(a)(iii) above, ARCO Alaska shall transfer, assign, convey and deliver to Alpine the Alpine Certificate;

(iv) ARCO shall cause a restructuring of the holdings of UTP Holdings such that (A) UTP Energy will be liquidated and will distribute all of the capital stock of each of its Subsidiaries to UTP Holdings, after which transactions UTP Holdings will hold directly all of the outstanding UTA Interests; and (B) UTP Holdings will distribute all of its assets (including all of the outstanding shares of common stock of Unistar and the former Subsidiaries of UTP Energy) other than the UTA Interests to ARCO, such that the only asset of UTP Holdings shall be the UTA Interests;

(v) In conjunction with the restructuring referred to in clause (iv) above, ARCO shall assume the obligations of UTP Holdings under the indentures set forth on Schedule 3.15 and UTP Holdings shall be relieved of all obligations and covenants under the same;

(vi) Immediately prior to the consummation of the BP Amoco/ARCO Merger, ARCO shall transfer, assign, convey and deliver to Purchaser the ARCO Marine Shares, duly endorsed in blank or accompanied by stock powers duly executed in blank, in proper form for transfer and with any requisite stock transfer stamps properly affixed thereto;

(vii) Purchaser shall deliver to ARCO an affidavit of citizenship dated as of the ARCO Marine Transfer Date and as of the First Closing Date and signed on behalf of Purchaser by an executive officer of Purchaser in such form as has been accepted by the Maritime Administration, demonstrating that Purchaser is a citizen of the United States within the meaning of Section 2 of the Shipping Act of 1916, as amended, and is qualified under Section 27 of the Merchant Marine Act of 1920, as amended, to engage in United States coastwise trade; and

(viii) The parties shall take all actions required to be taken prior to the First Closing Date in accordance with Sections 5.21(a) and 5.22 and Schedule 5.6, Section 13, of the Disclosure Schedule.

(c) Immediately prior to the First Closing, ARCO Alaska shall transfer, assign, convey and deliver to ARCO the 150 shares of common stock, par value \$1 per share, of CH-20 held by ARCO Alaska. For U.S. federal income tax purposes, such transfer, assignment, conveyance and delivery in conjunction with the subsequent sale of

the ARCO Alaska Shares to Purchaser (for which an election under Section 338(h)(10) of the Code will be made by ARCO and Purchaser in accordance with Section 5.5(f)(i)), is intended to be treated as a sale by ARCO Alaska of all its assets (excluding the shares of CH-20 actually distributed to ARCO as described above), followed by a distribution by ARCO Alaska to ARCO of all its assets (including the aforementioned shares of CH-20) in a complete liquidation to which Section 332 of the Code applies.

Section 2.7 Preferential Rights. ARCO will deliver or cause to be delivered any notices to holders of preferential purchase rights that are required in connection with the sale of the ATAI Shares and CIPC Shares (each, a "Preferential Right") (including any notices required due to the reactivation of Preferential Rights that may have previously lapsed), using as the relevant purchase price the portion of the Initial Pipeline Assets Purchase Price allocated to such Shares on Schedule 2.4(b) of the Disclosure Schedule (in the case of the ATAI Shares without regard to any adjustment for the Bonds). If, prior to the Second Closing, a holder of a Preferential Right notifies ARCO that it elects to exercise its rights with respect to the Shares (or underlying Properties of the issuer of such Shares) to which its Preferential Right relates (in accordance with and determined by the agreement creating the Preferential Right), the Shares, the sale of which is subject to such Preferential Right, shall not be sold, transferred, assigned, conveyed or delivered to Purchaser and the Initial Pipeline Assets Purchase Price shall be reduced by the amount allocated to such Shares on Schedule 2.4(b); provided that, if the Second Closing shall have already occurred in accordance with Section 2.4(c) and thereafter for any reason the purchase and sale of the Shares (or underlying Properties of the issuer of such Shares) subject to the Preferential Right is not or cannot be consummated with the holder of the Preferential Right, ARCO will promptly notify Purchaser and, within ten Business Days after Purchaser's receipt of such notice, subject to receipt of any Necessary Consents, ARCO will sell, transfer, assign, convey and deliver to Purchaser, and Purchaser will purchase and accept from ARCO, such Shares in exchange for the amount allocated to such Shares on Schedule 2.4(b). Such purchase price shall be subject to adjustment based on the application of the methodology set forth in Section 2.5 to such Shares for the period beginning as of the Effective Date and ending at the close of business on the day of the delivery and acceptance of such Shares, or on such other basis as the parties may agree.

Section 2.8 Contingent Payments.

(a) As additional consideration for ARCO Alaska and UTP Holdings, Purchaser shall pay to ARCO, on a monthly basis, Sliding Scale Payments (each, an "SSP") for production from the Producing Properties from the Effective Time through December 31, 2004; provided, however, that Purchaser's total obligation to pay SSPs to Seller shall in no event exceed a total of \$500,000,000.00.

(b) Each SSP shall equal the product of (i) WTI Price minus \$25.00 and (ii) Net Revenue Interest Barrels; provided, however, if the SSP for any given month is a negative number or is zero, no SSP shall be payable for that month.

(c) For purposes of this Section 2.8: (i) "WTI Price" shall mean the average, rounded to four decimal places, of the mid-point Cushing second line as quoted in Platt's for WTI for each business day during the relevant month; it being understood that (A) the mid-point Cushing second line for any business day shall be equal to the average of the high and the low Cushing second line as quoted in Platt's for WTI for such business day and (B) for purposes of this definition only, the term "business day" shall mean any day on which a Cushing second line is quoted in Platt's for WTI, and (ii) "Net Revenue Interest Barrels" shall mean total barrels of hydrocarbon liquids produced from the Producing Properties delivered into TAPS Pump Station No. 1 during the relevant month, as reported in the relevant unit operator's off-take reports filed with the State of Alaska, but not including any barrels attributable to royalty obligations except for any royalty obligations which the owner of the Producing Properties may voluntarily incur subsequent to the First Closing. For the avoidance of doubt, any transfer of any Producing Property or part thereof by Purchaser to any Person after the First Closing shall not affect the calculations to be made under this Section 2.8.

(d) Each SSP shall be calculated on a calendar monthly basis and, except as provided in Section 2.8(e), shall be paid within 10 Business Days following the last day of the relevant month.

(e) Any SSP obligation for production occurring from the Effective Time to and including the most recent calendar month-end preceding the First Closing Date by at least 10 Business Days (the "Cutoff Date") shall be treated as a positive adjustment to the Initial Producing and Marine Assets Purchase Price (in addition to any adjustments calculated in accordance with the terms of Section 2.3) for ARCO Alaska and UTP Holdings and shall be credited against the \$500,000,000 maximum amount referred to in Section 2.8(a).

(f) The SSPs provided by this Section 2.8 shall be allocated to ARCO Alaska and UTP Holdings as agreed by ARCO and Purchaser.

### Article III REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as otherwise set forth in the disclosure schedule delivered by Sellers to Purchaser on the date of execution of this Agreement, as amended as of April 6, 2000 (the "Disclosure Schedule"), Sellers make the following representations and warranties to Purchaser (it being understood that any representation and warranty made with respect to UTP Holdings, UTA or their respective Properties is not made with respect to any

Properties of UTP Holdings that will not be Properties of UTP Holdings after giving effect to the restructuring contemplated by Section 2.6(a)(iv)):

Section 3.1 Organization and Authority. Each Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Each Seller has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement.

Section 3.2 Binding Effect. This Agreement has been duly authorized, executed and delivered by each Seller and constitutes a valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles (the "Bankruptcy and Equity Exception").

Section 3.3 Organization, Qualification and Authority of the Companies. Each Company other than UTA is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. UTA is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware. Each Company (a) has all requisite corporate or other power and authority to own, lease or otherwise hold its assets and to carry on its business as currently conducted and (b) is duly qualified to do business and is in good standing as a foreign corporation or limited liability company, as the case may be, in each jurisdiction where the ownership or operation of its assets or the conduct of its business requires such qualification, except where any failures to have such power and authority or to be so qualified or in good standing, as the case may be, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

Section 3.4 Ownership of Shares and LLC Interests. ARCO owns all of the Shares other than the ARCO Beluga Shares, of record and beneficially (in the case of the ARCO Marine Shares, only prior to the delivery contemplated by Section 2.6(b)(vi)), and CH-20 owns all of the ARCO Beluga Shares, of record and beneficially, in each case free and clear of all Encumbrances other than Permitted Encumbrances. With respect to each Company, the Shares or, with respect to UTA, the UTA Interests are, as of the date hereof and as of the applicable Closing Date with respect to such Company, the only shares of capital stock or limited liability company interests, as the case may be, of or in such Company issued and outstanding except that, as of the date hereof, UTP Holdings has 100,000 shares of Series A Cumulative Preferred Stock issued and outstanding. All of the Shares have been duly authorized and validly issued and are fully paid and non-assessable. The UTA Interests have been duly authorized and validly issued and are fully paid. As of the date hereof and as of the applicable Closing Date with respect to each Company, (i) except for this Agreement and the Preferential Rights referred to in Section

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2.7, there are no preemptive or other outstanding rights, options, warrants, conversion rights or agreements or commitments of any character relating to the authorized and issued, unissued or treasury shares of capital stock or limited liability company interests, as the case may be, of any of the Companies and no such securities or obligations evidencing any such rights are outstanding and (ii) none of the Companies has any outstanding debt or other securities which are convertible into or exchangeable for, or that give any Person a right to subscribe for or acquire, capital stock or limited liability company interests of any of the Companies. At the applicable Closing, Purchaser will obtain good and marketable title to the Shares delivered at such Closing, free and clear of all Encumbrances other than Permitted Encumbrances.

**Section 3.5 Consents and Approvals.** Except for (a) the issuance by the FTC of the Provisional Consent Order, (b) the issuance of the State Consent Order, (c) the termination of the applicable waiting period under the HSR Act, (d) reports, registrations, filings and/or notices to comply with Environmental Laws and (e) consents, approvals, waivers or authorizations that may be obtained, or reports, registrations, filings or notices that may be made, after the transfer of any Shares or Conveyed Properties, and except as set forth in Schedule 3.5 of the Disclosure Schedule, no consent, approval, waiver or authorization is required to be obtained by a Seller or any Company from, and no report, registration, filing or notice is required to be given by a Seller or any Company to, or made by a Seller or any Company with, any Governmental Entity in connection with the execution, delivery and performance by Sellers of this Agreement, other than where any failures to obtain such consent, approval, waiver or authorization, or to give or make such report, registration, filing or notice, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect or materially impair or delay a Seller's ability to perform its obligations hereunder.

**Section 3.6 Non-Contravention.** The execution, delivery and performance by each Seller of this Agreement, and the consummation by each Seller of the transactions contemplated hereby, do not and will not (a) violate any provision of the certificate of incorporation or bylaws (or equivalent constituent documents) of either Seller or any Company, (b) subject to obtaining or making the consents, approvals, waivers, authorizations, reports, registrations, filings and notices referred to in Section 3.5 and obtaining the consents set forth in Schedule 3.6 of the Disclosure Schedule, conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation or acceleration (whether after the giving of notice or the lapse of time or both) of any material right or obligation of any Company under, or to a loss of any material benefit to which any Company is entitled under, any Contract to which any Company is a party or, except for any Encumbrance arising under this Agreement, result in the creation of any Encumbrance upon any Shares or Conveyed Properties to be sold, transferred, assigned, conveyed and delivered pursuant to this Agreement or the Properties of any Company, or (c) assuming compliance with the matters set forth in Sections 3.5 and 4.3, to the Knowledge of Sellers, violate or result in a breach of or

constitute a default under any Law to which either Seller or any Company is subject, including any Governmental Authorization, other than, in the case of clauses (b) and (c), any conflict, breach, default, termination, cancellation, acceleration, loss, Encumbrance or violation which, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect or materially impair or delay either Seller's ability to perform its obligations hereunder.

Section 3.7 Financial Statements. Schedule 3.7 of the Disclosure Schedule contains a copy of the following financial statements: (a) a special purpose unaudited combined balance sheet for the Producing Companies as of December 31, 1999 and 1998, and the related special purpose unaudited combined statements of income and statements of cash flows for each of the years then ended (collectively, the "Producing Financial Statements"), (b) a special purpose unaudited combined balance sheet for the Marine Companies as of December 31, 1999 and 1998, and the related special purpose unaudited combined statements of income and statements of cash flows for each of the years then ended (collectively, the "Marine Financial Statements") and (c) a special purpose unaudited combined balance sheet for the Pipeline Companies as of December 31, 1999 and 1998, and the related special purpose unaudited combined statements of income and statements of cash flows for each of the years then ended (collectively, the "Pipeline Financial Statements" and, together with the Producing Financial Statements and the Marine Financial Statements, the "Year-End Financial Statements"). Each of the Year-End Financial Statements has been prepared in accordance with GAAP and presents fairly, in all material respects, the combined financial position, results of operations and cash flows of the Producing Companies (in the case of the Producing Financial Statements), the Marine Companies (in the case of the Marine Financial Statements) and the Pipeline Companies (in the case of the Pipeline Financial Statements) as of their respective dates and for the respective periods then ended, except in each case as may be noted on such Year-End Financial Statements or in the notes thereto and subject, in each case, to such audit adjustments as may be required that will not be material in amount or effect. As soon as available to ARCO after the date hereof, ARCO shall deliver to Purchaser Year-End Financial Statements which have been audited, together with the report thereon of PricewaterhouseCoopers LLP.

Section 3.8 Litigation and Claims.

(a) Except as set forth in Schedule 3.8(a) of the Disclosure Schedule, as of the date hereof there is no civil, criminal or administrative action, suit, hearing, proceeding or investigation pending or, to the Knowledge of Sellers, threatened, against any Company or any of its Properties other than those that, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

(b) Except as set forth in Schedule 3.8(b) of the Disclosure Schedule, as of the date hereof no Company is a party or subject to any order, writ, judgment, award or

injunction of any Governmental Entity applicable to such Company or any of its Properties other than those that, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

Section 3.9 Taxes. Except for any failure to file or timely pay, adjustment, action, proceeding, waiver, audit, or examination that, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect, (a) all Tax Returns that are required to be filed (taking into account applicable extensions) by or with respect to the Companies have been duly and timely filed; (b) all Taxes shown to be due on the Tax Returns referred to in clause (a) and all Taxes for periods ending on or before the date of this Agreement for which Tax Returns have not yet been filed have been timely paid or recorded as Tax Reserves or current liabilities in the Books and Records; (c) no adjustments relating to the Tax Returns referred to in clause (a) have been proposed by the appropriate Governmental Entity; (d) there are no pending or, to the Knowledge of Sellers, threatened actions or proceedings for the assessment or collection of Taxes against the Companies; (e) there are no outstanding waivers or agreements extending the applicable statute of limitations for any period with respect to any Taxes of the Companies; (f) to the Knowledge of Sellers no taxing authorities are presently conducting any audits or other examinations of any Tax Returns referred to in clause (a).

Section 3.10 Compliance with Laws. Except as set forth in Schedule 3.10 of the Disclosure Schedule and except for such matters that, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect: (a) each Company is conducting its business in compliance with all applicable Laws, (b) each Company has or is entitled to the benefits of all Governmental Authorizations necessary for the conduct of its business as currently conducted and (c) there are no proceedings pending or, to the Knowledge of Seller, threatened, which would be reasonably likely to result in the revocation, cancellation or suspension of any such Governmental Authorization.

Section 3.11 Contracts. Schedule 3.11 of the Disclosure Schedule sets forth each Material Contract. Except as set forth on Schedule 3.11 of the Disclosure Schedule, as of the date hereof each Material Contract is a valid and binding agreement of the Seller or the Company party thereto and is in full force and effect in accordance with its terms, subject to the Bankruptcy and Equity Exception. Except as set forth on Schedule 3.11 of the Disclosure Schedule, there exists no default under any Material Contract by either Seller or the applicable Company or, to the Knowledge of Sellers, any other party thereto, which default has not been cured or waived, other than such defaults that, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

Section 3.12 Properties. The Properties of the Companies and the Conveyed Properties (after giving effect to the transactions contemplated by Section 2.6)

to be sold, transferred, assigned, conveyed and delivered pursuant to this Agreement (a) constitute all of the assets and properties, tangible and intangible, of ARCO and its Subsidiaries located in the State of Alaska that are used in, associated with or connected to the business of exploration for and production and transportation of oil, natural gas and other liquid and gaseous hydrocarbons and other minerals conducted by ARCO and its Subsidiaries in the State of Alaska (the "Alaska Business") and (b) considered together with the Books and Records, the license and other arrangements contemplated by Section 5.15 and the transitional services to be provided pursuant to Section 5.17, constitute all of the assets and properties, tangible and intangible, including all geological and geophysical data and interpretations and lease bids, wherever located, that are primarily used in, associated with or connected to the Alaska Business.

Section 3.13 Absence of Changes. Except (x) to the extent arising out of or relating to the transactions contemplated by this Agreement, (y) as set forth on Schedule 3.13 of the Disclosure Schedule or (z) to the extent arising out of or relating to the Charter or, after the Provisional Consent Order has been issued by the FTC, the Provisional Consent Order or, after the State Consent Order has been issued, the State Consent Order, since December 31, 1999, (i) the respective businesses of each of the Companies has been operated in the ordinary course consistent with past practice, (ii) there has not been any change in the Companies which, individually or in the aggregate, would be reasonably likely to have a Material Adverse Effect and (iii) no Company has settled, compromised, waived, released or assigned any material rights or claims it has under or in respect of any Material Contract to which such Company is a party.

Section 3.14 Finders' Fees. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of either Seller or any of the Companies who is entitled to any fee or commission that is or will be an obligation of any Company in connection with the purchase and sale of the Shares and the Conveyed Properties pursuant to this Agreement.

Section 3.15 Indebtedness. As of the Closing Date applicable to such Company, no Company shall have any loans, borrowings or other indebtedness in the nature of borrowings outstanding, in each case where monies are due from any Company, except as reflected in the Financial Statements or as set forth on Schedule 3.15 of the Disclosure Schedule.

Section 3.16 Employee Benefits. No Personnel currently participate in any employee benefit plan that is a multiemployer plan as defined in Section 3(37) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or that is otherwise required to be provided to such Personnel pursuant to the terms of any collective bargaining agreement. No severance pay or benefits, pay in lieu of notice, or similar pay or benefits will be owed to any Personnel solely by reason of the consummation of the transactions contemplated hereby. Except as set forth in



Schedule 5.3 of the Disclosure Schedule and Exhibit B of Schedule 5.6 of the Disclosure Schedule, none of the Companies, CIPC or any of their respective Subsidiaries sponsors any employee benefit plan within the meaning of Section 3(3) of ERISA or any other employee benefit plan, program, policy, practices, or other arrangement (collectively, "Employee Plans") providing incentive compensation or benefits to any Personnel.

Section 3.17 No Other Representations or Warranties. Except for the representations and warranties contained in this Article III and Section 5.5, none of Seller, the Companies or any other Person makes any other express or implied representation or warranty on behalf of Seller, the Companies or otherwise in respect of the Shares or the Conveyed Properties.

#### Article IV REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser makes the following representations and warranties to Sellers:

Section 4.1 Organization and Authority. Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Purchaser has all requisite corporate power and authority and has taken all corporate action necessary in order to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby.

Section 4.2 Binding Effect. This Agreement has been duly authorized, executed and delivered by Purchaser and constitutes a valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, subject to the Bankruptcy and Equity Exception.

Section 4.3 Consents and Approvals. Other than (a) the approval of the Maritime Administration in connection with Purchaser's acquisition of the ARCO Marine Shares and (b) the termination of the applicable waiting period under the HSR Act, no consent, approval, waiver or authorization is required to be obtained by Purchaser or any of its Affiliates from, and no report, registration, filing or notice is required to be given by Purchaser or any of its Affiliates to or made by Purchaser or any of its Affiliates with, any Governmental Entity in connection with the execution, delivery and performance by Purchaser of this Agreement.

Section 4.4 Non-Contravention. The execution, delivery and performance by Purchaser of this Agreement, and the consummation by Purchaser of the transactions contemplated hereby, do not and will not (a) violate any provision of the certificate of incorporation or by-laws of Purchaser, (b) conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation or acceleration (whether after the giving of notice or the lapse of time or both) of any

material right or obligation of Purchaser under, or to a loss of any material benefit to which Purchaser is entitled under, any Contract to which Purchaser or any of its Affiliates is a party, or (c) assuming compliance with the matters set forth in Sections 3.5 and 4.3, to the knowledge of Purchaser, violate or result in a breach of or constitute a default under any Law to which Purchaser is subject, including any Governmental Authorization, other than in the cases of clauses (b) and (c), any conflict, breach, default, termination, cancellation, acceleration, loss or violation which, individually or in the aggregate, would not be reasonably likely to have a material adverse effect on Purchaser or materially impair or delay Purchaser's ability to perform its obligations hereunder.

Section 4.5 Finders' Fees. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Purchaser who is entitled to any fee or commission in connection with the purchase and sale of the Shares and the Conveyed Properties pursuant to this Agreement.

Section 4.6 Financial Capability. On each Closing Date, Purchaser will have available sufficient funds to purchase the Shares and any Conveyed Properties to be sold, transferred, assigned, conveyed and delivered on such Closing Date on the terms and subject to the conditions set forth in this Agreement and to consummate the transactions contemplated for the applicable Closing hereunder. The obligations of Purchaser hereunder are not subject to any conditions regarding the ability of Purchaser to obtain financing for the consummation of the transactions contemplated herein.

Section 4.7 Investigation by Purchaser. Purchaser acknowledges that it is a sophisticated purchaser of businesses and has been given sufficient access to all information with respect to the Companies and the Conveyed Properties requested by Purchaser and, in entering into this Agreement, has not relied upon anything other than the representations and warranties of Sellers set forth in Article III and Section 5.5. Purchaser acknowledges that neither Seller nor any other Person shall have any liability with respect to any information with respect to the Companies and the Conveyed Properties made available to Purchaser prior to the date hereof. Purchaser has no knowledge that any representation or warranty of Sellers is inaccurate in any respect.

Section 4.8 Purchaser Impediments. There is no civil, criminal or administrative action, suit, hearing, proceeding or investigation pending or, to the knowledge of Purchaser, threatened, or outstanding, order, writ, judgment, award or injunction of any Governmental Entity, against Purchaser or any of its Affiliates that, individually or in the aggregate, would be reasonably likely to impair or delay the ability of Purchaser to obtain the consents, approvals, waivers or authorizations described in Section 4.3 or impair or delay the ability of the parties hereto to consummate the transactions contemplated hereby.

Section 4.9 Securities Act. Purchaser is acquiring the Shares for its own account and not with a view to their distribution within the meaning of Section 2(11) of the Securities Act in any manner that would be in violation of the Securities Act. Purchaser has not, directly or indirectly, offered the Shares to anyone or solicited any offer to buy the Shares from anyone, so as to bring such offer and sale of the Shares by Purchaser within the registration requirements of the Securities Act. Purchaser will not sell, convey, transfer or offer for sale any of the Shares except upon compliance with the Securities Act and any applicable state securities laws or pursuant to any exemption therefrom.

Section 4.10 No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV, neither Purchaser nor any other Person makes any express or implied representation or warranty on behalf of Purchaser.

#### Article V COVENANTS

##### Section 5.1 Access.

(a) Prior to the each Closing, Sellers shall permit Purchaser and its representatives to have access, during regular business hours and upon reasonable advance notice, to the personnel and properties of Sellers and the Companies, subject to reasonable rules and regulations of Sellers, and shall, subject to applicable Laws regarding the exchange of information, furnish, or cause to be furnished, to Purchaser such financial and operating data and other information, in each case relating to the Companies and the Conveyed Properties that are the subject of such Closing, as are available and as Purchaser shall from time to time reasonably request, provided, that the foregoing shall not require Sellers or any Company to permit any inspection, or to disclose any information, that in the reasonable judgment of Sellers or such Company, would (i) result in the disclosure of any trade secrets of third parties or the loss of any applicable attorney-client privilege or (ii) violate any of its obligations with respect to confidentiality if Sellers or the Company, as the case may be, shall have used reasonable efforts to obtain the consent of such third party to such inspection or disclosure, provided further, that Purchaser and its representatives shall not conduct any on-site tests or sampling or any boring, digging, drilling or other physical intrusion on or into the properties of the Companies. All requests for information made pursuant to this Section shall be directed to an executive officer of ARCO, or such Person as may be designated by such executive officer. All such information shall be governed by the terms of the Confidentiality Agreement.

(b) All information that relates to Sellers or any of their Affiliates (other than the Companies) that is provided, conveyed, obtained or furnished to Purchaser or Purchaser's representatives or that Purchaser or Purchaser's representatives otherwise obtain in the course of Purchaser's investigation of the Companies, together with any reports, analyses, compilations, memoranda, notes and any other writings prepared by Purchaser or Purchaser's representatives which contain, reflect or are based upon any such information ("Confidential Information"), shall be kept strictly confidential by Purchaser and Purchaser's representatives after the Closings. Purchaser agrees that, in the event it or any its representatives are required to disclose any Confidential Information (i) in connection with any judicial or administrative proceedings (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) or (ii) in order, in the opinion of Purchaser's outside counsel, to avoid violating the federal securities laws, Purchaser will in advance of such disclosure provide Sellers with prompt notice of such requirement(s). Purchaser also agrees, to the extent legally permissible, to provide Sellers, in advance of any such disclosure, with copies of any such information Purchaser intends to disclose (and, if applicable, the text of the disclosure language itself) and to cooperate with Sellers to the extent Sellers may seek to limit such disclosure. If, in the absence of a protective order or receipt of a waiver from Sellers after a request in writing therefor is made by Purchaser (such request to be made as soon as practicable to allow Sellers a reasonable amount of time to respond thereto), Purchaser or its representatives are legally required to disclose such information to any tribunal or in order to comply with the federal securities laws, Purchaser or its representatives may disclose such portion of such information which Purchaser, in the opinion of Purchaser's outside counsel, is legally required to disclose so long as Purchaser exercises its best efforts to obtain assurances that the information so disclosed will be kept confidential by any recipient(s).

(c) In the event of termination of this Agreement, Purchaser shall promptly deliver to Sellers, or certify to Sellers that it has destroyed, all documents, work papers and other material obtained by Purchaser or on its behalf from Sellers, the Companies or any of their respective agents, employees or representatives as a result hereof or in connection herewith, whether so obtained before or after the execution hereof.

Section 5.2 Retention of Records. Purchaser shall retain, and cause its Affiliates to retain, all Books and Records relating to the conduct of the businesses of the Companies and the operation of the Properties prior to the applicable Closing Date with respect to such Companies or Properties for a period of at least six years from the date hereof. Upon reasonable notice to Purchaser and with Purchaser's prior consent, which consent Purchaser will not withhold or delay unreasonably, Sellers may inspect and make copies of any such records for any reasonable purpose during business hours; provided that Sellers shall have no right to inspect or copy any competitively sensitive information unless Sellers shall demonstrate to the reasonable satisfaction of Purchaser that

reasonable safeguards designed to prevent the disclosure of such sensitive information have been established. No such Books and Records shall be destroyed by Purchaser without first advising Sellers in writing and giving Sellers a reasonable opportunity to obtain possession thereof.

Section 5.3 Conduct of Business. During the period from the date hereof to the applicable Closing in respect of each Company, except as otherwise contemplated by this Agreement, as required by Law or as Purchaser shall otherwise consent to in writing (which consent shall not be unreasonably withheld or delayed), each Seller covenants and agrees that it shall cause each such Company to operate its respective business in the ordinary course consistent with past practice and to preserve intact the business and relationships of such Company with third parties; provided that no action permitted by the next succeeding sentence shall be deemed to violate this provision. During the period from the date hereof to the applicable Closing in respect of each Company, except (a) as otherwise contemplated by this Agreement or the capital budget of ARCO Alaska for the fiscal year 2000 previously made available to Purchaser and any capital budget for the fiscal year 2001 (which shall not provide for capital expenditures in excess of 10% in excess of the amounts set forth in the fiscal year 2000 capital budget), (b) as required by Law (including the Provisional Consent Order, any final order of the FTC in respect thereof and the State Consent Order) or the Charter or (c) as Purchaser shall otherwise consent, each Seller covenants and agrees that it shall use its reasonable best efforts to cause each such Company not to:

- (i) approve any new capital expenditures in excess of 10% over the amount budgeted for such expenditures in the capital budgets hereinabove referenced;
- (ii) (x) incur, create or assume any material Encumbrance on any Property other than Permitted Encumbrances, or (y) dispose of any capital assets if the greater of the book value and the fair market value of such capital assets exceeds \$15,000,000 in the aggregate;
- (iii) incur or assume any material indebtedness for money borrowed or guarantee any such obligations other than (A) any loans from such Seller or an Affiliate of such Seller or (B) indebtedness under existing lines of credit in amounts consistent with past practice;
- (iv) enter into any material transaction other than as disclosed on Schedule 5.3 of the Disclosure Schedule or in the ordinary course of business consistent with past practice;
- (v) other than as disclosed on Schedule 5.3 of the Disclosure Schedule, as required by Law or existing agreements or as is consistent with the conduct of

its normal business, grant any salary or wage increases that in the aggregate would be material to the Companies, or modify or amend any benefit plan in any way that materially increases the amount of the liability attributable to such Company in respect of such plan or grant any benefit to Personnel that would become payable as a result of the transactions contemplated hereby;

(vi) amend its certificate of incorporation or by-laws or equivalent constituent documents;

(vii) issue or sell any Shares, limited liability company interests or other equity securities to anyone other than such Seller, or issue or sell any securities convertible into, or options with respect to, or warrants to purchase or rights to subscribe for, any Shares, limited liability company interests or other equity securities, or enter into any agreement obligating it to do any of the foregoing;

(viii) declare or set aside for payment any dividends to be paid after the applicable Closing; and

(ix) enter into any Affiliate Transaction other than as disclosed on Schedule 5.3 of the Disclosure Schedule or in the ordinary course of business.

#### Section 5.4 Filings; Other Actions; Notifications.

(a) Sellers and Purchaser shall cooperate with each other and use (and shall cause their respective Subsidiaries to use) their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on its part under this Agreement and applicable Laws to consummate and make effective the transactions contemplated hereby as soon as practicable, including preparing and filing as soon as practicable all documentation to effect or obtain as soon as practicable all consents, approvals, waivers, authorizations, reports, registrations, filings and notices necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the transactions contemplated hereby.

(b) Subject to applicable Laws relating to the exchange of information and the preservation of any applicable attorney-client privilege, Sellers and Purchaser shall have the right to review in advance, and to the extent practicable each will consult the other on, all the information relating to Sellers or Purchaser, as the case may be, and any of their respective Affiliates, that appear in any statement, filing, notice or application made with, or written materials submitted to, any third party and/or any Governmental Entity in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of Sellers and Purchaser shall act reasonably and as promptly as practicable.

(c) Subject to applicable Laws and the preservation of any applicable attorney-client privilege, the Sellers and Purchaser each shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers and stockholders and such other matters as may be reasonably necessary or advisable in connection with the Provisional Consent Order, any final order of the FTC in respect thereof, the State Consent Order, the Charter and any statement, filing, notice or application made by or on behalf of Sellers, the Companies or Purchaser or any of their respective Subsidiaries to any third party and/or any Governmental Entity in connection with the transactions contemplated by this Agreement.

(d) Without limiting the generality of the undertakings pursuant to this Section 5.4, each Seller and Purchaser agrees to take or cause to be taken the following actions: (i) provide promptly to any Governmental Entity with jurisdiction over enforcement of any applicable Competition Laws ("Government Antitrust Entity") information and documents requested by any Government Antitrust Entity or necessary, proper or advisable to permit consummation of the transactions contemplated by this Agreement, (ii) contest and resist any action seeking to have imposed any order, decree, judgment, injunction, ruling or other order (whether temporary, preliminary or permanent) other than the Provisional Consent Order, any final order of the FTC in respect thereof and the State Consent Order (an "Order"), that would materially delay, restrain, enjoin or otherwise prohibit consummation of the transactions contemplated hereby; it being understood that in the event that any such temporary or preliminary Order is entered in any proceeding that would make consummation of the transactions contemplated hereby in accordance with the terms of this Agreement unlawful or that would prevent or materially delay consummation of the transactions contemplated by this Agreement, each Seller and Purchaser agrees to use its reasonable best efforts to take promptly any and all steps (including the appeal thereof, the posting of a bond or the taking of the steps contemplated by clause (i) of this paragraph) necessary to vacate, modify or suspend such Order so as to permit such consummation and (iii) use its reasonable best efforts to take all action necessary or reasonably required in order for ARCO and BP Amoco to obtain and to comply with the Provisional Consent Order, any final order of the FTC in respect thereof, the State Consent Order and the Charter and to consummate the transactions contemplated hereby in a manner consistent with the Provisional Consent Order, any final order of the FTC in respect thereof, the State Consent Order and the Charter, provided, that no party shall be required to take any such action if the result of such action would be to affect materially and adversely the economic benefits reasonably expected to be derived by such party from the consummation of the transactions contemplated hereby

Section 5.5 Tax Matters.

(a) Liability for Taxes and Related Matters.

(i) Liability for Taxes. Sellers shall pay or cause to be paid, and shall indemnify each Purchaser Tax Indemnitee and fully protect, save and hold each Purchaser Tax Indemnitee harmless from and against the following: (A) any Tax imposed upon or relating to the Sellers (other than in respect of the Companies, the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of-Way, the Product Inventory or CIPC) for any period (whether before or after any Closing Date), including any such Tax for which the Purchaser or a Company may be liable under Section 1.1502-6 of the Treasury Regulations (or any similar provision of state, local or foreign law), as a transferee or successor, by contract or otherwise; (B) any consolidated, combined or unitary Taxes (other than in respect of the Companies, the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of-Way, the Product Inventory or CIPC) of any group of which any of the Sellers, BP Amoco or any of their respective Affiliates is a member or is the common parent; (C) any consolidated, combined or unitary Taxes imposed upon or relating to any of the Companies, the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of-Way, the Product Inventory or CIPC for any Pre-Closing Period; (D) any Taxes resulting from or arising out of any transaction set forth in Section 2.6 of this Agreement or otherwise contemplated hereunder or any other transaction undertaken in any Pre-Closing Period by any of the Sellers or the Companies or any of their Affiliates outside of the ordinary course of business; (E) any Taxes imposed upon or relating to UTP Energy, Unistar or any Subsidiary, entity, Property or asset held directly or indirectly by UTP Holdings prior to the restructuring set forth in Section 2.6(b)(iv) that will not be so held after such restructuring; (F) any Taxes imposed upon or relating to any of the Companies, the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of-Way or CIPC for the Pre-Effective Time Period (regardless of when such Taxes are paid) and any Taxes imposed upon or relating to the Product Inventory for the Pre-Closing Period (regardless of when such Taxes are paid); (G) any Taxes resulting from or arising out of any Section 338(h)(10) Election; (H) any Tax (and any interest pursuant to Code Section 7518(g)(3)(C)(ii)) arising from or relating to the "capital construction fund" of ARCO or any of its Affiliates; (I) any Losses arising from a deemed termination, if any, under Section 708(b)(1)(B) of the Code, of any tax partnership resulting from the transactions contemplated hereby to the extent such Losses are asserted by a third party partner in such tax partnership; (J) any Taxes resulting from any breach of any representation or warranty of Sellers contained in Section 5.5(j) of this Agreement; (K) royalty claims and severance Taxes for production through and including December 31, 1999 (regardless of when such amounts are paid); (L) any Tax imposed on any Purchaser Tax Indemnitee as a result of



structuring any transaction as a like-kind exchange pursuant to Section 5.5(g); and (M) any Taxes resulting from or arising out of Section 5.22(d) or any of the transactions set forth therein. Sellers shall be entitled to any refund of Taxes to the extent that such refund relates to a Tax liability paid by the Sellers under this Section 5.5(a)(i);

(ii) Purchaser shall, except to the extent that such Taxes or other amounts are the responsibility of Sellers under Section 5.5(a)(i) or otherwise hereunder, pay or cause to be paid, and shall indemnify each Seller Tax Indemnitee and fully protect, save and hold each Seller Tax Indemnitee harmless from and against all Taxes imposed upon or relating to the Companies, the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of-Way, the Product Inventory or CIPC. Purchaser shall be entitled to any refund relating to the Companies, the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of-Way, the Product Inventory or CIPC, except to the extent Sellers are entitled to such refund under Section 5.5(a)(i).

(iii) In the case of any indemnified Tax which a Tax Indemnitee is required to pay a Governmental Entity, the indemnitor shall pay the Tax Indemnitee the amount for which the indemnitor is responsible pursuant to Section 5.5(a)(i) or (ii) in immediately available funds no later than three days prior to the date such Tax is due to the relevant Governmental Entity (provided that, without duplication of any amount taken into account pursuant to clause (6) of the definition of "Settlements", in the case of any Tax (other than any consolidated, combined or unitary Tax) for which Sellers are responsible under Section 5.5(a)(i)(F) or (K) that is paid on or after January 1, 2000 and on or prior to the applicable Closing Date, Sellers shall pay Purchaser the amount for which Sellers are responsible under Section 5.5(a)(i)(F) or (K) on the applicable Closing Date).

(iv) Notwithstanding the foregoing clauses (i) and (ii), the liabilities, obligations and entitlements pursuant to such clauses of CH-20 shall be with respect to ARCO Beluga only.

(v) Taxes for Short Taxable Year. For purposes of paragraphs (a)(i) and (a)(ii), whenever it is necessary to determine the liability for Taxes of a Company (including any such liability arising from partnership income or loss) or with respect to any of the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of-Way, the Product Inventory or CIPC for a portion of a taxable year or period that begins before and ends after the applicable Closing Date (or December 31, 1999), the determination of the Taxes of such Company (or with respect to any of the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of-Way, the Product Inventory or CIPC) for the portion of the year

or period ending on, and the portion of the year or period beginning after, the applicable Closing Date (or December 31, 1999) shall be determined by assuming a taxable year or period for such Company (or partnership) or with respect to any of the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of Way, the Product Inventory or CIPC which ended at the applicable Closing Date (or December 31, 1999), except that exemptions, allowances or deductions that are calculated on an annual basis, such as the deduction for depreciation, shall be apportioned on a time basis.

(vi) Adjustment to Purchase Price. Any payment by Sellers to Purchaser pursuant to Section 5.5(a)(i) will be treated as an adjustment to the Purchase Price.

(vii) Tax Returns. Sellers shall file or cause to be filed when due all Tax Returns that are required to be filed by or with respect to the Companies for taxable years or periods ending on or before the applicable Closing Date (which Tax Returns shall be filed in a manner consistent with past practice) and shall pay any Taxes due in respect of such Tax Returns, and Purchaser shall file or cause to be filed when due all Tax Returns that are required to be filed by or with respect to the Companies for taxable years or periods ending after the applicable Closing Date and shall pay any Taxes due in respect of such Tax Returns. Purchaser shall not amend, or cause to be amended, any Tax Returns required to be filed by Sellers. Sellers shall pay Purchaser the Taxes for which Sellers are liable pursuant to Section 5.5(a)(i) but which are payable with Tax Returns to be filed by Purchaser pursuant to the previous sentence within 10 days prior to the due date for payment of such Tax.

(viii) Contest Provisions. Purchaser shall promptly notify Sellers in writing upon receipt by Purchaser, any of its Affiliates or any Company of notice of any pending or threatened Tax audits or assessments which may affect the Tax liabilities of any Company for which Sellers would be required to indemnify Purchaser pursuant to Section 5.5(a)(i). Sellers shall have the sole right to represent any Company's interest in any Tax audit or administrative or court proceedings (a "Tax Proceeding") relating solely to Taxes which may be the subject of indemnification by Sellers under Section 5.5(a)(i) and to employ counsel of its choice at its expense. Purchaser shall have the sole right to represent any Company's interest in any Tax Proceeding relating solely to Taxes which may be the subject of indemnification by Purchaser under Section 5.5(a)(ii) and to employ counsel of its choice at its expense. With respect to any Tax Proceeding relating to Taxes, a portion of which is the subject of indemnification by Sellers under Section 5.5(a)(i) and a portion of which is the subject of indemnification by Purchaser under Section 5.5(a)(ii), Sellers shall have the right to participate in such Tax Proceeding; provided, however, that with the written

consent of Purchaser and at their own expense, Sellers may assume the entire defense of such Tax Proceeding.

(ix) Termination of Tax Allocation Agreements. Any tax allocation or sharing agreement or arrangement, whether or not written, that may have been entered into by Sellers and any Company (or CIPC) shall be terminated as to such Company (or CIPC) as of the applicable Closing Date, or, with respect to ARCO Marine, as of the ARCO Marine Transfer Date, and no payments which would be owed by or to such Company (or CIPC) pursuant thereto shall be made thereunder.

(b) Transfer Taxes. Notwithstanding Sections 5.5(a)(i) and (ii), Purchaser, on the one hand, and Sellers, on the other hand, shall share equally all transfer, sales, excise and similar Taxes, if any, arising from the purchase and sale of the Shares, the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of-Way or the Product Inventory.

(c) Information to Be Provided by Purchaser. With respect to the taxable year of Sellers ending December 31, 1999 and all relevant taxable periods in 2000 prior to the applicable Closing Date, Purchaser shall cause each Company to prepare and provide to Sellers a package of tax information materials (the "Tax Package"), which shall be completed in accordance with past practice including past practice as to providing the information, schedules and work papers and as to the method of computation of separate taxable income or other relevant measure of income of such Company. Purchaser shall cause to be delivered to Sellers the Tax Package for the taxable period ending on December 31, 1999 by August 1, 2000 and for the taxable period ending on the applicable Closing Date by June 30, 2001.

(d) Assistance and Cooperation. After the applicable Closing Date, each of Sellers and Purchaser shall:

- (i) assist (and cause their respective Affiliates to assist) the other party in preparing any Tax Returns or reports which such other party is responsible for preparing and filing in accordance with this Section 5.5;
- (ii) cooperate fully in preparing for any audits of, or disputes with taxing authorities regarding, any Tax Returns of any Company;
- (iii) make available to the other and to any taxing authority as reasonably requested all information, records, and documents relating to Taxes of any Company;

(iv) provide timely notice to the other in writing of any pending or threatened tax audits or assessments of any Company for taxable periods for which the other may have a liability under this Section 5.5; and

(v) furnish the other with copies of all correspondence received from any taxing authority in connection with any tax audit or information request with respect to any such taxable period.

(e) Survival of Obligations. The obligations, representations and covenants of the parties set forth in this Section 5.5 shall be unconditional and absolute and shall remain in effect without limitation as to time.

(f) Section 338(h)(10).

(i) Election. Sellers shall make a joint election with Purchaser under Section 338(h)(10) of the Code and under any similar provisions of state or foreign law (each a "Section 338(h)(10) Election") with respect to each of the Companies (and any Subsidiary of any of them that is treated as a corporation under the Code) other than UTP Holdings. Sellers represent that the sales of such Companies are eligible for, and Purchaser represents that it is qualified to make, such elections. Sellers and Purchaser shall exchange complete and executed copies of Internal Revenue Service Form 8023, required schedules thereto, and any similar state and foreign forms. If any changes are required in these forms as a result of information which is first available after the applicable Closing Date, the parties will promptly agree on such changes. Notwithstanding anything to the contrary in this Agreement, Sellers and Purchaser agree that no election under Section 338(h)(10) of the Code and under any similar state law shall be made with respect to UTP Holdings.

(ii) Allocation of Purchase Price. Sellers and Purchaser will agree to an allocation of the purchase price (in accordance with relative fair market values and consistent with Schedules 2.2(b) and 2.4(b) and Section 2.8(f)) among the assets of the Companies that are deemed to have been acquired pursuant to Section 338(h)(10) of the Code or any state or foreign law equivalent and among the UTP Holdings Shares, the CIPC Shares, the Conveyed Properties and the Product Inventory (the Final Product Inventory Purchase Price being allocated to the Product Inventory). Purchaser will prepare the initial draft of such purchase price allocation. Purchaser and Sellers shall use the asset values determined from such agreed-upon allocation for purposes of all reports and returns with respect to Taxes, including Internal Revenue Service Form 8594 or any equivalent statement.

(g) Possible Exchange. The parties may elect to structure one or more of these transactions as a like-kind exchange pursuant to Section 1031 of the Code. If Sellers are entitled to receive cash pursuant to this Agreement (or pursuant to the exercise by any third party of any preferential purchase rights to purchase where such right becomes exercisable by reason of this Agreement), Sellers may assign their rights under this Agreement to a qualified intermediary, and have Purchaser transfer the cash directly to the qualified intermediary, to the extent necessary to enable the Sellers to consummate a deferred like-kind exchange by directing the qualified intermediary to reinvest the cash in like-kind property. The parties agree to execute all documents, conveyances or other instruments reasonably necessary to effectuate such a deferred like-kind exchange.

(h) Consolidated Tax Returns. Notwithstanding any other provision of this Agreement, (i) Sellers and their Affiliates shall not be required to provide any Person with any consolidated, combined or unitary Tax Return or copy thereof that includes any of Sellers and their Affiliates (other than any entity transferred directly or indirectly to Purchaser by any of Sellers and their Affiliates hereunder) and (ii) Purchaser and its Affiliates shall not be required to provide any Person with any consolidated, combined or unitary Tax Return or copy thereof that includes Purchaser or any of its Affiliates; provided, however, that to the extent that such Tax Returns would be required to be delivered but for this Section 5.5(h), the Person that would be required to deliver such Tax Returns shall instead deliver pro formas relating solely to the Companies, the AMI Conveyed Properties, the AMI Conveyed Contract, the Alpine Rights-of-Way, the Product Inventory or CIPC, as the case may be.

(i) Consolidated Tax Proceedings. Notwithstanding any other provision of this Agreement, (i) Sellers and their Affiliates shall be entitled to control, and Purchaser shall not be entitled to participate in, any Tax Proceeding with respect to any consolidated, combined or unitary Tax Return that includes any of Sellers and their Affiliates (other than any entity transferred directly or indirectly to Purchaser by any of Sellers and their Affiliates hereunder) and (ii) Purchaser and its Affiliates shall be entitled to control, and Sellers and their Affiliates shall not be entitled to participate in, any Tax Proceeding with respect to any consolidated, combined or unitary Tax Return that includes Purchaser or any of its Affiliates (other than any entity transferred directly or indirectly to Purchaser by any of Sellers and their Affiliates hereunder).

(j) Tax Basis and Section 754 Election Representation. Sellers make the following representations and warranties to Purchaser: (i) Schedule 5.5(j) hereto sets forth the tax basis under the Code of UTP Holdings (or its Subsidiary), as of December 31, 1999, in its partnership interest in Colville River Unit and the corresponding share of UTP Holdings (or its Subsidiary) in Colville River Unit's basis in Colville River Unit's assets; and (ii) in the case of each transfer hereunder that is, for purposes of the Code, a transfer of an interest that is, or has been treated as, a partnership interest under the Code, each relevant partnership (other than any partnership interest in

the Colville River Unit and any partnership interest to which no value is allocated by the parties pursuant to Section 5.5(f)(ii)) has made (or will make) a valid election under Section 754 of the Code that will apply to such transfer.

(k) In the case of any Subsidiary of a Company that is treated as a corporation under the Code, the principles of this Section 5.5 shall apply as if such Subsidiary were a Company. The principles of this Section 5.5 shall also apply to any intellectual property sold to Purchaser pursuant to Section 5.15 hereof.

Section 5.6 Employees and Employee Benefits. The parties hereby agree to all of the provisions set forth in Schedule 5.6 of the Disclosure Schedule, as amended as of April 6, 2000, with respect to Personnel and employee compensation and benefits.

Section 5.7 Indebtedness.

(a) Except as set forth in Section 5.7(b), Sellers shall cause each Company to repay all existing indebtedness of each Company for borrowed money prior to the applicable Closing with respect to such Company. Sellers shall cause the Contracts solely between ARCO or any Affiliate of ARCO that is not a Company, on the one hand, and any Company, on the other hand, other than the Contracts identified on Schedule 5.7(a) of the Disclosure Schedule and except as provided by Section 5.15, to be terminated as of the applicable Closing Date with respect to such Company.

"None"

(b) Notwithstanding Section 5.7(a), Sellers shall have no obligation prior to the Second Closing to cause the repayment of the \$265,000,000 principal amount of City of Valdez, Alaska Marine Terminal Revenue Refunding Bonds, Series A, B & C 1994, due 2031 (the "Bonds") for which ATAI is the primary obligor and ARCO has guaranteed payment. No later than eighteen months from the Second Closing Date, Purchaser shall cause the Bonds then outstanding, together with all interest and other amounts then due and payable thereunder, to be paid in full, or provision for payment thereof to be made, so that the existing guarantees delivered by ARCO in respect of such Bonds (the "Guarantees") shall terminate and ARCO, as guarantor, shall cease to have any continuing liability or obligation with respect to any Bonds, or any refunding thereof, and the Guarantees shall be delivered to ARCO by the trustee for the Bonds marked cancelled. Purchaser's ability to refund or reissue the Bonds shall not be a condition to Purchaser's obligations with respect to repayment of the Bonds within the foregoing period. Purchaser shall forever indemnify and hold harmless the Seller Indemnified Parties for any demand for payment, loss, claim, liability, damages, costs or expenses asserted against, or incurred by, ARCO as Guarantor of the Bonds or of ATAI's obligations, or any of ARCO's Affiliates, in respect of any failure to pay principal or interest under the Bonds or any other default with respect to the Bonds, or any reissue or refunding thereof, arising after the Second Closing Date. ARCO shall procure that, prior

to the Second Closing, (i) for Bonds issued in the Variable Rate Mode (as defined in the applicable Indenture), ATAI shall not cause any of the Bonds to be converted to any interest rate mode such that the Bonds bear interest at a Quarterly, Semiannual, Term or Fixed Rate (as defined in the applicable Indenture), and (ii) for Bonds issued in the Flexible Rate Mode (as defined in the applicable Indenture), ATAI shall request the Remarketing Agent (as defined in the applicable Indenture) to use commercially reasonable efforts to market the Bonds for Flexible Rate Periods (as defined in the applicable Indenture) not exceeding 90 days and (iii) ATAI shall not issue Bonds in the Fixed Rate Mode (as defined in the applicable Indenture). The time period referred to in the second sentence of this Section 5.7(b) may be extended by mutual agreement of ARCO and Purchaser but shall not extend for more than two years in total.

**Section 5.8 Further Assurances.** At any time after a Closing Date, Sellers and Purchaser shall, and Purchaser shall cause each Company that after such Closing Date is a Subsidiary of Purchaser to, promptly execute, acknowledge and deliver any other assurances or documents reasonably requested by Sellers or Purchaser, as the case may be, and necessary for Sellers or Purchaser, as the case may be, to satisfy its respective obligations hereunder or under the Provisional Consent Order or any final order of the FTC in respect thereof or obtain the benefits contemplated hereby.

**Section 5.9 Certain Transactions.** Purchaser agrees that it shall not, and shall not permit any of its Affiliates to (i) acquire or agree to acquire any assets, (ii) acquire or agree to acquire, whether by merger, consolidation, by purchasing a substantial portion of the assets of or equity in, or by any other manner, any Person or division thereof, if the entering into of a definitive agreement relating to or the consummation of such acquisition, merger or consolidation could reasonably be expected to (A) impose any material delay in the expiration or termination of any applicable waiting period or impose any material delay in the obtaining of, or significantly increase the risk of not obtaining, any Governmental Authorization, including the Provisional Consent Order, any final order of the FTC in respect thereof, the State Consent Order and the Charter, (B) significantly increase the risk of any Governmental Entity entering an order prohibiting the consummation of the transactions contemplated hereby, (C) significantly increase the risk of not being able to remove any such order on appeal or otherwise or (D) materially delay or impede the consummation of the transactions contemplated hereby, or (iii) take any action that could reasonably be expected to result in any modification to the Provisional Consent Order by the FTC that would be adverse to Sellers or would require any indemnification by ARCO pursuant to Section 8.3(f) or the withdrawal of the Provisional Consent Order by the FTC.

**Section 5.10 Charter Obligations.**

(a) Purchaser acknowledges that ARCO Alaska and BP Exploration are each parties to the Charter and that the Charter requires both and each of ARCO Alaska

and BP Exploration to undertake certain commitments, some of which are associated with the ownership or operation of the Properties of the Companies, some of which are associated with the ownership or operation of properties owned by BP Exploration and some of which are general in nature.

(b) Notwithstanding anything in this Agreement to the contrary, as between ARCO and Purchaser, Purchaser shall assume all obligations of ARCO Alaska for complying with the Charter commitments to the extent such commitments are associated with the ownership or operation of the Properties of the Companies or the Conveyed Properties, ARCO shall be responsible for complying with the Charter commitments to the extent such commitments are associated with the ownership or operation of the properties retained by BP Exploration, and ARCO and Purchaser shall each be separately responsible, and Purchaser shall assume such responsibility, for all other Charter commitments in equal measure, subject only to the following clarifications and exceptions:

(i) The commitment of BP Exploration and ARCO Alaska with respect to purchasing crude oil under Charter paragraph I.G. shall be allocated entirely to ARCO.

(ii) The commitment of BP Exploration and ARCO Alaska with respect to natural gas volume under Charter paragraph I.J. shall be allocated between ARCO and Purchaser based upon BP Exploration's and ARCO Alaska's then-allocated share of gas reserves of the Prudhoe Bay (Permo-Triassic) Reservoir.

(iii) The commitment of BP Exploration and ARCO Alaska with respect to orphan sites under Charter paragraph II.A.1. shall be allocated entirely to ARCO.

(iv) The commitment of BP Exploration and ARCO Alaska with respect to clean up of sites and reserve pits under Charter paragraphs II.A.3 and II.A.4. shall be allocated between ARCO and Purchaser based upon the specific party designations in Charter Exhibits D.2., D.3.A. and D.3.B.

(v) The commitment of BP Exploration and ARCO Alaska with respect to unspent funds under Charter paragraph II.A.8. shall be allocated between ARCO and Purchaser in the same proportion as in the allocations previously established for the relevant provisions of Charter paragraph II.A to which paragraph II.A.8 refers.

(vi) The commitment of BP Exploration and ARCO Alaska with respect to establishing and funding a charitable entity under Charter paragraph II.D. shall be allocated between ARCO and Purchaser in proportion to their respective share



of Alaska liquids production and based upon the assumption that each will establish a separate entity.

(vii) The commitment of BP Exploration and ARCO Alaska with respect to annual reporting under Charter paragraph II.E. shall be accomplished by separate reporting by each of ARCO and Purchaser concerning their respective allocated shares of the Charter commitments.

(viii) The commitment of BP Exploration and ARCO Alaska to pay Alaska's attorneys' fees under Charter paragraph V.G. shall be allocated entirely to ARCO.

In fulfilling its obligations hereunder, Sellers and Purchaser shall each comply with applicable laws.

Section 5.11 Sellers' Trade Names, Etc. Effective as of the applicable Closing Date with respect to each Company, any license agreement pursuant to which Sellers or any Affiliate of Sellers have granted to any Company the right to use trademarks, trade names or logos that include the word "ARCO" shall be terminated. As promptly as is practicable after the applicable Closing, Purchaser shall cause each such Company to eliminate the word "ARCO" and every word or expression derived therefrom from (a) its certificate of incorporation and other organizational documents and (b) the names under which it does business. Within 90 days after the applicable Closing, Purchaser shall cause each Company to remove any such trademarks, trade names and logos from its respective properties, stationery and literature, and thereafter neither Purchaser nor any Company shall use any such trademarks, trade names or logos.

Section 5.12 Guarantee. Effective upon the consummation of the BP Amoco/ARCO Merger as provided in the Merger Agreement, BP Amoco hereby unconditionally guarantees to Purchaser the prompt, faithful and full performance of all of the covenants and obligations of each Seller under this Agreement.

Section 5.13 Insurance Matters. ARCO shall maintain insurance coverage with respect to each Company and the Conveyed Properties generally in a manner consistent with its past practice and overall insurance program for ARCO until the applicable Closing Date with respect to such Company or Conveyed Properties. From the ARCO Marine Transfer Date until the First Closing, ARCO agrees to maintain the ARCO excess general liability insurance program, insuring ARCO, its subsidiaries and divisions, in a manner consistent with ARCO's past practice. Purchaser acknowledges that upon the ARCO Marine Transfer Date, the excess comprehensive general liability insurance including tanker vessel pollution coverage maintained as part of the insurance coverage for ARCO and its subsidiaries may no longer be available with respect to the operations of ARCO Marine. Commencing on the ARCO Marine Transfer Date until the

First Closing, Purchaser shall maintain insurance coverage for the AMI Conveyed Properties and the ARCO Trader, and for risks with respect to the operations of ARCO Marine, with an insurer which is a member of the International Group of Protection and Indemnity Associations, at the same or better level of coverage as ARCO maintained with the American Steamship Owners Mutual Protection and Indemnity Association, Inc. ("ASO") for the ARCO Trader, AMI Conveyed Properties and ARCO Marine immediately prior to the ARCO Marine Transfer Date. If Purchaser uses an insurer other than ASO, Purchaser will reimburse ARCO for 50% of any termination penalty, release call or other calls related to termination made against ARCO by ASO, subject to a maximum reimbursement by Purchaser of \$1 million, and ARCO will reimburse Purchaser for 50% of any termination penalty, release call or other calls related to termination made against ARCO Marine by ASO. Sellers and Purchaser acknowledge that as and when insurance policies expire or are renewed, it may not be possible to maintain the same insurance coverage either in kind or amount as may be in place as of the date of this Agreement. From and after the applicable Closing Date with respect to the Shares of each Company and the Conveyed Properties, Purchaser shall solely be responsible for providing such insurance coverage as it may in its sole judgment determine to be appropriate which respect to occurrences and claims arising after such Closing Date with respect to each Company and the Conveyed Properties, as the case may be. With respect to claims arising after the applicable Closing Date, including claims made after such Closing Date for Losses occurring prior to the relevant Closing Date but insured on a "claims made" basis, Purchaser shall have no separate or independent claim against or interest in insurance policies of ARCO and ARCO's Subsidiaries (without prejudice to the Sellers' submission of claims in conformity with the provisions of this Section) with respect to losses or claims related to occurrences prior to the applicable Closing Date. Schedule 5.13 lists insurance policies that provide occurrence coverage to ARCO which may be available to Purchaser to respond to claims arising out of occurrences prior to the applicable Closing Date. Sellers acknowledge that there may be additional policies which may provide some coverage with respect to losses or claims related to occurrences prior to the applicable Closing Date. Sellers agree to cooperate on a reasonable basis with Purchaser, at Purchaser's expense, with respect to identifying any such policies and will, as appropriate, tender, submit or present claims with respect to such policies, provided that Sellers may in their sole discretion decline to tender, submit or present any such claim if acceptance or processing of any such claim by the relevant insurance carrier or provider would result in any economic cost or charge to Sellers or any Subsidiary or Affiliate of Sellers (including as a result of policies written by or agreements by Subsidiaries or Affiliates of the Sellers or policies that are experience rated, fronted or otherwise recapture all or a portion of any recovery from the insured or policy holder through subsequent premium adjustments or charges), provided Sellers shall submit or present any such claim should Purchaser agree to hold Sellers harmless from any such economic cost or charge unless, in the reasonable judgment of Sellers, any such agreement of Purchaser would be insufficient to prevent an adverse effect on a

Seller. Sellers do not represent or warrant that coverage under such policies would be available to cover a loss sustained by Purchaser in any particular instance or generally. Any coverage under any such policy would be subject to the terms and conditions of such policies and rules of the relevant underwriter.

Section 5.14 Long-Term Supply Contracts. Simultaneous with the execution and delivery of this Agreement, Purchaser has entered into an agreement with BP Oil Supply Company providing for the assignment of the rights and obligations of BP Oil Supply Company under each of the crude oil supply agreements identified on Schedule 5.14 of the Disclosure Schedule (each, a "Long-Term Supply Contract") to Purchaser subject to the terms and conditions stated in such agreement.

Section 5.15 Certain Intellectual Property.

(a) On or prior to the time of the applicable Closing Date, ARCO agrees to convey to Purchaser:

(i) by means of the sale, transfer, assignment, conveyance and delivery to Purchaser of the ARCO Alaska Shares, the ATAI Shares, the Kuparuk Shares, the Oliktok Shares, the Alpine Shares, the ARCO Marine Shares and the UTP Holdings Shares, the intellectual property, inventions, technology, trademarks, trade names, trade secrets, copyrights, know-how, research material, technical information, seismic data, geological data, geophysical data, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data that, as of the date that the Consent Agreement is signed, are owned, in whole or in part (but only to the extent of such part), by or has been assigned to any ARCO Alaska Company, including any special analyses, interpretations and other derivatives from proprietary seismic, geological and geophysical data owned by ARCO Alaska relating to any hydrocarbons in Alaska or the geology of Alaska (the "ARCO Alaska Intellectual Property"), provided, however, that ARCO Alaska Intellectual Property shall not include the ARCO Patents or any proprietary trade names or trademarks of ARCO;

(ii) all patents, patent applications and inventions that, as of the date the Consent Agreement is signed, are owned, in whole or in part (but only to the extent of such part), by ARCO and primarily related to ARCO Alaska Businesses or otherwise primarily used by, for or in connection with an ARCO Alaska Company, in each case subject to any licenses to or other agreements with third parties in effect as of the date the Consent Agreement is signed (the "ARCO Patents"); and

(iii) all proprietary seismic, geological and geophysical data that, as of the date that the Consent Agreement is signed, are owned, in whole or in part (but only to the extent of such part), by ARCO or its Subsidiaries relating to any hydrocarbons in Alaska or the geology of Alaska (the "ARCO Seismic Data").

(b) On or prior to the First Closing Date, ARCO and Purchaser shall enter into a license agreement for the ARCO Intellectual Property pursuant to which ARCO will grant to Purchaser a fully paid up, irrevocable non-exclusive license, for use of the ARCO Intellectual Property in connection with the operation in any manner by Purchaser of the ARCO Alaska Businesses (excluding for this purpose clause (d) of the definition of ARCO Alaska Businesses) as existing as of the date the Consent Agreement is signed and reasonably foreseeable extensions thereof, subject to any restrictions on the transfer or license of any such ARCO Intellectual Property arising under any agreement with a third party. ARCO shall cooperate with Purchaser and use reasonable best efforts to assist Purchaser in obtaining a waiver, consent or license, as applicable, for any such restricted ARCO Intellectual Property (or the benefits equivalent thereto), the expense of any such license or equivalent benefits to be borne by Purchaser. For the purposes of this Agreement, "ARCO Intellectual Property" means intellectual property, inventions, technology, trademarks, trade names, trade secrets, patents, copyrights, know-how, research material, technical information, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data that, as of the date the Consent Agreement is signed, are owned, in whole or in part (but only to the extent of such part), by ARCO or its Subsidiaries (excluding each ARCO Alaska Company), and either are licensed by ARCO or such a Subsidiary to an ARCO Alaska Company or are otherwise primarily used in, for or connected with the ARCO Alaska Businesses as of the date the Consent Agreement is signed, including, without limitation, all information, technology, know-how, research and other intangible assets and expertise used in connection with the ARCO Alaska Businesses related to miscible injection for enhanced oil recovery and technology related to unconsolidated sands, provided, however, that "ARCO Intellectual Property" shall not include ARCO Patents, ARCO Seismic Data, ARCO Geoscience and Reservoir Intellectual Property or any proprietary trade names or trademarks of ARCO.

(c) On or prior to the First Closing Date, ARCO and Purchaser shall enter into a license agreement for the ARCO Geoscience and Reservoir Intellectual Property pursuant to which ARCO will grant to Purchaser a fully paid-up, irrevocable non-exclusive license, for use of the ARCO Geoscience and Reservoir Intellectual Property in connection with the operation in any manner by Purchaser of the ARCO Alaska Businesses (excluding for this purpose clause (d) of the definition of ARCO Alaska Businesses) as existing as of the date the Consent Agreement is signed and reasonably foreseeable extensions thereof, subject to any restrictions on the transfer or license of any such ARCO Geoscience and Reservoir Intellectual Property arising under

any agreement with a third party and subject to the rights of any third parties under licenses previously granted by ARCO. ARCO shall cooperate with Purchaser and use reasonable best efforts to assist Purchaser in obtaining a waiver, consent or license, as applicable, for any such restricted ARCO Geoscience and Reservoir Intellectual Property (or the benefits equivalent thereto), the expense of any such license or equivalent benefits to be borne by Purchaser. For the purposes of this Agreement, "ARCO Geoscience and Reservoir Intellectual Property" means all technical information, patents, computer programs and code, including all supporting manuals and documentation that, as of the date the Consent Agreement is signed, are owned, in whole or in part (but only to the extent of such part), by ARCO or its Subsidiaries (excluding each ARCO Alaska Company) and used in or connected with the ARCO Alaska Businesses and related to (1) modeling and simulation of subsurface hydrocarbon reservoirs, (2) interpreting seismic, geological and geophysical data and reservoir data, (3) optimizing facilities, and (4) drilling and producing hydrocarbons. Such ARCO Geoscience and Reservoir Intellectual Property includes, but is not limited to: (a) geophysical techniques employing elastic impedance seismic inversion technology; (b) reservoir simulation computer models (known as "ACRES"); (c) enhanced oil recovery and fluid characterization technology; (d) geomechanical modeling; (e) fluid flow ("ARCO90") relative permeability technology; and (e) analytical reservoir measurement techniques.

(d) On or prior to the First Closing Date, ARCO and Purchaser shall enter into a license agreement pursuant to which Purchaser will grant to ARCO a fully paid up, irrevocable non-exclusive license for use of the ARCO Patents worldwide. Such license will permit sublicenses to third parties.

(e) ARCO shall cooperate with Purchaser and use reasonable best efforts to assist Purchaser in obtaining a license for any Third Party Intellectual Property (or the benefits equivalent thereto), the expense of any such license or equivalent benefits to be borne by Purchaser. For the purposes of this Agreement, "Third Party Intellectual Property" means intellectual property, inventions, technology, trademarks, trade names, trade secrets, patents, copyrights, know-how, research material, technical information, management information systems, software and software specifications, designs, drawings, plans (whether proposed or tentative, whether adopted, pending or implemented), specifications, processes and quality control data that, as of the date the Consent Agreement is signed, are owned by a party other than ARCO or any of its Subsidiaries but are licensed to ARCO or its Subsidiaries (excluding for this purpose each ARCO Alaska Company) and are primarily used in, for or connected with the ARCO Alaska Businesses (excluding for this purpose clause (d) of the definition of ARCO Alaska Businesses).

Section 5.16 Substitution of Guarantor. Purchaser agrees that in connection with and at the time of the applicable Closing, Purchaser will be substituted for ARCO or any Subsidiary of ARCO as the guarantor (or other party providing support

or assurances for the obligations of any Company) with respect to all operating and performance guarantees, sureties, support and similar obligations theretofore assumed by ARCO or such Subsidiary with respect to a Company or, in the event that any required consent or approval for such substitution is not obtained, will indemnify ARCO and its Affiliates in respect of any liabilities incurred by them in respect of such obligations.

Section 5.17 Transitional Services. After the execution of this Agreement, ARCO and Purchaser will negotiate in good faith to conclude, and prior to Closing shall enter into, agreements, in forms to be agreed upon by the parties, for the provision of transitional services with respect to the Companies and the AMI Conveyed Properties. Such agreements shall provide that Purchaser will pay ARCO fees for such services (a) at the rate or rates currently charged or allocated by ARCO to ARCO Alaska for internal accounting purposes or in the most recent budget for ARCO Alaska or (b) in the case of services for which there is no historical charge or allocation, at a rate or rates, to be mutually agreed by ARCO and Purchaser in good faith, reflecting the cost to ARCO of providing such services.

Section 5.18 Designation of Transferee. In its sole discretion, Purchaser shall be permitted to direct that any of the Shares the Conveyed Properties or the Product Inventory that Purchaser is entitled to receive hereunder be delivered directly to any Affiliate of Purchaser; provided that such direction shall be given to Sellers prior to the filing by Sellers of any application with any Governmental Entity for approval of the transfer of the Shares or the Conveyed Properties in question to Purchaser, but in any event Purchaser shall not be required to give such direction to Sellers prior to the third Business Day after the date of the first public announcement of this Agreement; and provided, further, that any such direction shall not affect the obligations of Purchaser hereunder.

Section 5.19 Preparation of Financial Statements. Prior to and subsequent to the Closing, Sellers will cooperate with Purchaser to prepare such audited financial statements for the Companies on a combined basis as the Securities and Exchange Commission may require.

Section 5.20 Order to Hold Separate and Maintain Assets. Notwithstanding anything to the contrary contained in this Agreement, Sellers shall not be required to perform any covenant or agreement herein, and the failure to perform any such covenant or agreement shall not constitute a breach of this Agreement by Sellers, if the performance of such covenant or agreement would violate, or the performance of such covenant or agreement shall not be within the control of Sellers as a result of, any order to hold separate and maintain assets issued by the FTC.

Section 5.21 ARCO Directors and Officers.

(a) On or prior to the ARCO Marine Transfer Date, in the case of ARCO Marine, on or prior to the First Closing Date, in the case of ARCO Alaska, UTP Holdings and ARCO Beluga, and on or prior to the Second Closing Date, in the case of ATAI, Kuparuk, Oliktok, Alpine and CIPC, Sellers shall deliver or cause to be delivered to Purchaser letters of resignation from each director and officer of such Company and any wholly owned Subsidiary of such Company and, in the case of CIPC, from any director of CIPC who was nominated to such position by ARCO, such resignations to be effective on the Closing Date applicable to each such Company.

(b) From and after the Closing Date applicable to each Company, Purchaser shall not take any action that would eliminate, reduce, limit or otherwise modify the indemnification available to any present or former director or officer of such Company or any of its Subsidiaries, if applicable, determined as of the relevant Closing (collectively, the "ARCO Directors and Officers"), whether such indemnification is provided pursuant to such Company's certificate of incorporation, by-laws or other organizational document, indemnification agreements, or otherwise.

(c) If Purchaser or any of its successors or assigns (i) shall consolidate with or merge into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) shall transfer all or substantially all of its properties and assets to any Person, then, and in each such case, proper provisions shall be made so that the successors and assigns of Purchaser shall assume all of the obligations set forth in this Section 5.21.

(d) The provisions of this Section 5.21 are intended to be for the benefit of, and shall be enforceable by, each of the ARCO Directors and Officers, their heirs and their representatives.

#### Section 5.22 Marine.

(a) AMI Conveyed Contract. Purchaser acknowledges that certain ARCO Marine employees are currently responsible for the management and oversight of the AMI Conveyed Contract and the construction program implemented pursuant thereto. Purchaser agrees that during the period beginning on the ARCO Marine Transfer Date and ending on the Second Closing Date, Purchaser shall, and shall cause ARCO Marine (i) to continue to manage and maintain oversight of the AMI Conveyed Contract and the construction program implemented pursuant thereto in a manner consistent with the practices of ARCO Marine prior to such delivery of the ARCO Marine Shares and (ii) not to amend the engineering design, construction process or any terms of the AMI Conveyed Contract without the prior written consent of AMI.

(b) Bareboat Charters.

(i) During the period beginning on the ARCO Marine Transfer Date and ending on the First Closing Date, Purchaser shall not permit ARCO Marine to terminate, and shall cause ARCO Marine to perform its obligations under, (A) each of the bareboat charters between AMI and ARCO Marine then in effect for each of the AMI Conveyed Properties (collectively, the "Bareboat Charters") and (B) the bareboat charter between Attranco, Inc. and ARCO Marine then in effect for the ARCO Trader.

(ii) In connection with the First Closing, ARCO shall cause AMI to terminate each of the Bareboat Charters when the relevant AMI Conveyed Property is delivered, at a time mutually agreed upon as provided in Section 2.2(b)(iii). Should the parties be unable to agree on a mutually acceptable time, then such delivery of the relevant AMI Conveyed Property and termination of the applicable Bareboat Charter shall be at the time of the First Closing as provided in Section 2.2(a). Purchaser acknowledges and agrees that ARCO Marine has as of the date hereof waived any requirement of notice of such termination under any Bareboat Charter and further agrees that upon and after the delivery of the ARCO Marine Shares to Purchaser in accordance with Section 2.6(b)(vi) such waiver shall remain in effect.

(c) Time Charters.

(i) During the period beginning on the ARCO Marine Transfer Date and ending on the First Closing Date, Purchaser shall not permit ARCO Marine to terminate, and shall cause ARCO Marine to perform its obligations under, each of the time charters between ARCO Marine and ARCO Products Company then in effect for each of the AMI Conveyed Properties and the ARCO Trader (the "ARCO Products Time Charters").

(ii) ARCO shall cause the termination of each of the ARCO Products Time Charters, effective simultaneously with the termination of the Bareboat Charters in accordance with Section 5.22(b).

(d) Reconveyance. In the event that the ARCO Marine Shares shall have been delivered to Purchaser in accordance with Section 2.6(b)(vi) and thereafter this Agreement shall be terminated prior to the First Closing, then upon the demand(s) of and at the time(s) designated by ARCO (which time(s) shall be as promptly as practicable after obtaining the relevant approval(s) of the Maritime Administration, the application(s) for which shall be made by ARCO no later than five business days after such termination of this Agreement), (i) Purchaser shall cause ARCO Marine to assign, for no consideration, all of the rights and obligations of ARCO Marine under each of the Bareboat Charters and the bareboat charter for the ARCO Trader to ARCO's designee(s), (ii) Purchaser shall deliver possession of the AMI Conveyed Properties and the ARCO



Trader to ARCO's designee(s), (iii) Purchaser and ARCO shall cause termination without penalty of each of the ARCO Products Time Charters, (iv) Purchaser shall transfer, assign, convey and deliver to ARCO or, at ARCO's option, ARCO's designee, for no consideration, the ARCO Marine Shares, duly endorsed in blank or accompanied by stock powers duly executed in blank, in proper form for transfer and with any requisite stock transfer stamps properly affixed thereto, and (v) if such assignments, deliveries and terminations contemplated by clauses (i), (ii), (iii) and (iv) have been made, ARCO will indemnify, defend and hold harmless the Purchaser Indemnified Parties from, against and in respect of any (x) Losses imposed on, sustained, incurred or suffered by or asserted against any of the Purchaser Indemnified Parties, to the extent arising out of the operation of ARCO Marine prior to delivery of the ARCO Marine Shares to Purchaser, and (y) Losses (including those related to personal injuries, property damage, or any actual or threatened discharge of oil), relating to or arising out of any of the AMI Conveyed Properties or the ARCO Trader, or Purchaser's bareboat chartering or operating any such vessel after the ARCO Marine Transfer Date to the extent that such Losses exceed the coverage which Purchaser is required to maintain pursuant to Section 5.13; provided, however, that this clause (y) shall not apply to any Losses arising out of or related to the gross negligence or willful misconduct of any Purchaser Indemnified Party. Notwithstanding anything in this Agreement to the contrary, this Section 5.22(d) shall survive indefinitely.

## Article VI CONDITIONS TO CLOSING

Section 6.1 Conditions to the Obligations of Purchaser and Sellers With Respect to the First Closing. The obligations of the parties hereto to effect the First Closing are subject to the satisfaction (or waiver by Purchaser and Sellers) prior to the First Closing of the following conditions:

(a) Governmental Consents. (i) The Provisional Consent Order shall have been issued by the FTC, (ii) the State Consent Order shall have been issued, (iii) any applicable waiting period under the HSR Act shall have been terminated and (iv) all Required Governmental Consents (other than any Required Governmental Consent that relates only to the sale, transfer, assignment and conveyance of the Pipeline Assets) shall have been obtained or made.

(b) Litigation. No court or other Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order that is in effect and enjoins or otherwise prohibits consummation of the transactions contemplated by Sections 2.2(a) and 2.2(b).

(c) BP Amoco/ARCO Merger. The BP Amoco/ARCO Merger shall have been consummated; provided, however, that Purchaser acknowledges and agrees that, notwithstanding anything to the contrary contained in this Agreement, neither ARCO nor BP Amoco shall have any obligation to Purchaser under the terms of this Agreement or otherwise to (i) complete the BP Amoco/ARCO Merger or (ii) take any action or refrain from taking any action to consummate the BP Amoco/ARCO Merger.

(d) ARCO shall have caused AMI to terminate the Bareboat Charters pursuant to Section 5.22(b)(ii).

(e) ARCO shall have caused the termination of the ARCO Products Time Charters in accordance with Section 5.22(c).

Section 6.2 Conditions to the Obligations of Purchaser With Respect to the First Closing. The obligation of Purchaser to effect the First Closing is subject to the satisfaction (or waiver by Purchaser) prior to the First Closing of the following conditions:

(a) Representations and Warranties. The representations and warranties of Sellers set forth in this Agreement shall be true and correct (without giving effect to any qualifications as to "Material Adverse Effect," "material" or similar qualifications except for any reference to "Material Contracts" and the references to "material" in Section 3.7) as of the date of this Agreement and on and as of the First Closing as though made on and as of the First Closing (except to the extent any such representation or warranty expressly speaks as of an earlier or different date, and except for changes contemplated or permitted by the terms hereof) except, in either case, where the failure of such representations and warranties to be so true and correct (without giving effect to any qualifications as to "Material Adverse Effect," "material" or similar qualifications except for any references to "Material Contracts" and the references to "material" in Section 3.7), individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and each Seller shall have delivered to Purchaser a certificate dated as of the First Closing Date and signed on behalf of such Seller by an executive officer of such Seller to such effect.

(b) Covenants. The covenants and agreements of Sellers to be performed on or prior to the First Closing shall have been duly performed in all material respects, and each Seller shall have delivered to Purchaser a certificate dated as of the First Closing Date and signed on behalf of such Seller by an executive officer of such Seller to such effect; provided that any failure to satisfy the foregoing condition with respect to any covenant or agreement of Sellers (other than the agreements set forth in Article II) shall be disregarded and may not be asserted by Purchaser if and to the extent that (i) ARCO shall agree to indemnify the Purchaser Indemnified Parties and hold them harmless against any and all Losses that may arise out of or relate to the failure of Sellers

to duly perform such covenant or agreement in all material respects and (ii) all of such failures, taken together, do not materially and adversely affect the economic benefits reasonably expected to be derived by Purchaser from the consummation of the transactions contemplated hereby.

(c) Deliveries. Purchaser shall have received from Sellers the certificates and other instruments of transfer, assignment and conveyance required to be delivered pursuant to Section 2.2(b) hereof.

(d) ARCO shall have delivered to Purchaser, at least five Business Days prior to the First Closing Date, the audited Year-End Financial Statements referenced in Section 3.7.

(e) Alpine Pipeline. ARCO Alaska and UTA shall have transferred to Alpine all of the assets, tangible and intangible, which are reflected in the book value for the alpine pipeline common carrier crude oil pipeline on the accounting records of ARCO Alaska and UTA, at the date of such asset transfer. Such transfer at book value is already reflected in the \$165 million allocation in Schedule 5.5(j).

Section 6.3 Conditions to the Obligations of Sellers With Respect to the First Closing. The obligations of Sellers to effect the First Closing are subject to the satisfaction (or waiver by Sellers) prior to the First Closing of the following conditions:

(a) Representations and Warranties. The representations and warranties of Purchaser set forth in this Agreement shall be true and correct (without giving effect to any qualifications as to "Material Adverse Effect," "material" or similar qualifications) as of the date of this agreement and on and as of the First Closing as though made on and as of the First Closing (except to the extent any such representation or warranty expressly speaks as of an earlier or different date, and except for changes contemplated or permitted by the terms hereof) except, in either case, where the failure of such representations and warranties to be so true and correct (without giving effect to any qualifications as to "material adverse effect," "material" or similar qualifications), individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Purchaser or materially impair or delay Purchaser's ability to perform its obligations hereunder, and Purchaser shall have delivered to Sellers a certificate dated as of the First Closing Date and signed on behalf of Purchaser by an executive officer of Purchaser to such effect.

(b) Covenants. The covenants and agreements of Purchaser to be performed on or prior to the First Closing shall have been duly performed in all material respects, and Purchaser shall have delivered to Sellers a certificate dated as of the First Closing Date and signed on behalf of Purchaser by an executive officer of Purchaser to such effect.

(c) Receipt of Purchase Price. Sellers shall have received from Purchaser the payment required to be made at the First Closing pursuant to Section 2.2(b) hereof.

(d) Instruments. Purchaser shall have executed all instruments of transfer, assignment, assumption or conveyance required in connection with the First Closing.

Section 6.4 Conditions to the Obligations of Purchaser and Sellers With Respect to the Second Closing.

(a) The obligations of the parties hereto to effect the Second Closing are subject to the satisfaction (or waiver by Purchaser and Sellers) prior to the Second Closing of the following conditions:

(i) Subject to the provisions of Section 2.4(c), all Required Governmental Consents and all other Necessary Consents relating to the Pipeline Assets shall have been obtained or made.

(ii) No court or other Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order that is in effect and enjoins or otherwise prohibits consummation of the transactions contemplated by Sections 2.4(a) and 2.4(b).

(b) The obligation of Purchaser to effect the Second Closing is subject to the satisfaction (or waiver by Purchaser) prior to the Second Closing of the condition that Purchaser shall have received from Sellers the certificates and other instruments of transfer, assignment and conveyance required to be delivered pursuant to Section 2.4(b).

(c) The obligations of Sellers to effect the Second Closing are subject to the satisfaction (or waiver by Sellers) prior to the Second Closing of the following conditions:

(i) Sellers shall have received from Purchaser the payment required to be made at the Second Closing pursuant to Section 2.4(b); and

(ii) Purchaser shall have executed all instruments of transfer, assignment, assumption or conveyance required in connection with the Second Closing.

Article VII  
CERTAIN ENVIRONMENTAL MATTERS

Section 7.1 Acknowledgments. Purchaser acknowledges that:

- (a) the Properties may currently contain or have in the past contained asbestos and NORM and that special procedures associated with the assessment, remediation, removal, transportation or disposal of such asbestos and NORM may be necessary;
- (b) the Properties include wells, pipelines, facilities, gravel pads and roads that may have been temporarily or permanently abandoned;
- (c) the Producing Properties contain reserve pits; and
- (d) Process Safety Management associated with the Properties is an ongoing process.

Section 7.2 Assumption of Obligations. At and after the applicable Closing, Purchaser shall have sole responsibility for, agrees to pay any and all costs and expenses associated with, and on behalf of itself, its Affiliates and its and their successors and assigns irrevocably waives any and all claims any of them may have against any Seller Indemnified Party associated with:

- (a) the assessment, remediation, removal, transportation or disposal of asbestos and NORM associated with any of the Properties, irrespective of when such costs and expense or claims, as the case may be, may be incurred or may arise;
- (b) the plugging, abandonment or remediation of all wells, pipelines, pipeline rights-of-way, facilities and gravel pads and roads associated with any of the Properties, irrespective of when such costs and expense or claims, as the case may be, may be incurred or may arise;
- (c) the abandonment or remediation of the Non-Unit Reserve Pits to the extent that such costs and expenses or claims, as the case may be, relate to the ownership or operation of the Producing Properties on and after the Effective Time;
- (d) the abandonment or remediation of the Unit Reserve Pits, irrespective of when such costs and expense or claims, as the case may be, may be incurred or may arise; and

(e) Process Safety Management associated with the Properties (including, without limitation, identification, evaluation and remediation), irrespective of when such costs and expense or claims, as the case may be, may be incurred or may arise.

In fulfilling its obligations under this Section, Purchaser shall comply with applicable Laws.

Section 7.3 Retention of Obligations. At and after the applicable Closing, Sellers shall have sole responsibility for, agree to pay any and all costs and expenses associated with, and on behalf of themselves, their Affiliates and their successors and assigns irrevocably waive any and all claims any of them may have against any Purchaser Indemnified Party associated with, the abandonment and remediation of the Non-Unit Reserve Pits to the extent that such costs and expenses or claims, as the case may be, relate to the ownership or operation of the Producing Properties prior to the Effective Time. In fulfilling their obligations under this Section, Sellers shall comply with applicable Laws.

#### Article VIII

#### SURVIVAL; INDEMNIFICATION; TITLE AND INSPECTION MATTERS

##### Section 8.1 Survival

(a) Survival of Representations and Warranties. The representations and warranties of Sellers and Purchaser contained in this Agreement and all claims and causes of action with respect thereto shall terminate on the date that is twenty-four months from the First Closing Date; except that (i) any representation and warranty that expressly relates to a Company or its Properties, any Shares or any Conveyed Properties that are transferred, assigned, conveyed and delivered in the Second Closing, and all claims and causes of action with respect thereto shall survive for a period of twenty-four months from the Second Closing Date and (ii) the representations and warranties in Sections 3.1, 3.2, 3.3, 3.4, 3.14, 3.16, 4.1, 4.2, 4.5, 4.7, 4.9, 4.10 and 5.5 shall survive indefinitely.

(b) Survival of Covenants and Agreements. Each covenant and agreement of Sellers or Purchaser contained in this Agreement that shall require any part of its performance after a Closing (excluding the covenants and agreements of indemnification set forth in Sections 8.2 through 8.7, the survival of which shall be governed by Section 8.1(c)) shall survive in accordance with the terms of such covenant or agreement.

(c) Survival of Indemnification. The indemnification obligations provided in Sections 8.2 through 8.7:

(i) with respect to each representation or warranty referenced in Sections 8.2(a) and 8.3(a), shall survive indefinitely unless the applicable representation or warranty shall have terminated pursuant to Section 8.1(a);

(ii) with respect to each matter referenced in Sections 8.2(b), 8.2(c), 8.3(b), 8.3(d) and 8.3(e), shall survive indefinitely;

(iii) with respect to each matter referenced in Section 8.3(c), shall survive for a period of twenty-four months from the First Closing Date; provided that where such matter expressly relates to a Company or its Properties, any Shares or any Conveyed Properties that are transferred, assigned, conveyed and delivered in the Second Closing, indemnification by ARCO with respect to any such matter shall survive for a period of twenty-four months from the Second Closing Date;

(iv) with respect to each matter referenced in Section 8.3(f), shall survive for a period of twelve months from the First Closing Date;

provided, that such obligations to indemnify the Seller Indemnified Parties or the Purchaser Indemnified Parties shall not terminate with respect to a particular item as to which, before the expiration of the applicable survival period, the party seeking indemnification has made a claim by delivering a notice of such claim (in accordance with the terms of this Article VIII) to the party or parties from which indemnification is sought.

Section 8.2 Indemnification by Purchaser. Purchaser hereby agrees that, subject to the limitations set forth in Sections 8.1 and 8.6, it shall, and shall cause the Companies (from and after the date that any Company becomes a Subsidiary of Purchaser) to, indemnify, defend and hold harmless Sellers, their Affiliates, and, if applicable, their respective directors, officers, shareholders, partners, attorneys, accountants, agents and employees (the "Seller Indemnified Parties") from, against and in respect of any damages, claims, losses, charges, actions, suits, proceedings, deficiencies, interest, penalties, and reasonable costs and expenses (including, without limitation, reasonable attorneys' fees, removal costs, remediation costs, closure costs, fines, penalties and expenses of investigation and ongoing monitoring), net of any insurance recovery (collectively, "Losses") imposed on, sustained, incurred or suffered by or asserted against any of the Seller Indemnified Parties, to the extent arising from:

(a) any breach of any representation or warranty (without giving effect to any qualifications as to "Material Adverse Effect," "material" or similar qualifications therein) made by Purchaser contained in Article IV;

(b) any breach of any covenant or agreement of Purchaser, including any obligation of Purchaser to assure performance of its Subsidiaries, contained in this

Agreement, including the obligations and commitments of Purchaser set forth in Sections 5.7(b), 5.10 and 7.2, in each case whether the matter to which such covenant or agreement relates arose before or after the Effective Time; and

(c) any Third Party Claims relating to, arising out of or connected with, directly or indirectly,

(i) the ownership or operation of any of the Companies, CIPC, their respective Properties, the Conveyed Properties or the Product Inventory or any part thereof, on and after the Effective Time; and

(ii) the ownership or operation of any of the Companies, CIPC, their respective Properties, the Conveyed Properties or the Product Inventory, or any part thereof, no matter when asserted and whether pertaining to such ownership or operation before or after the Effective Time, for which ARCO's indemnity obligations shall have terminated (in accordance with Section 8.1 or otherwise) or for which ARCO has no indemnity obligation hereunder.

The indemnity and defense obligation set forth in this Section 8.2 shall apply regardless of cause or of any negligent acts or omissions of a Seller Indemnified Party (including, without limitation, the sole negligence, concurrent negligence or strict liability of any Seller Indemnified Party).

Section 8.3 Indemnification by ARCO. ARCO hereby agrees that, subject to the limitations set forth in Sections 8.1 and 8.6, it shall indemnify, defend and hold harmless Purchaser, its Affiliates and, if applicable, their respective directors, officers, shareholders, partners, attorneys, accountants, agents and employees (the "Purchaser Indemnified Parties") and, collectively with the Seller Indemnified Parties, the "Indemnified Parties") from, against and in respect of any Losses imposed on, sustained, incurred or suffered by or asserted against any of the Purchaser Indemnified Parties, to the extent arising from:

(a) any breach of any representation or warranty (without giving effect to any qualifications as to "Material Adverse Effect," "material" or similar qualifications therein except for any references to "Material Contracts" and the references to "material" in Section 3.7) made by a Seller contained in Article III;

(b) any breach of any covenant or agreement of a Seller contained in this Agreement, whether the matter to which such covenant or agreement relates arose before or after the Effective Time;

(c) any Third Party Claims relating to, arising out of or connected with, directly or indirectly, the ownership or operation of any Company, CIPC, their respective



Properties, the Conveyed Properties or the Product Inventory, or any part thereof, prior to the Effective Time;

(d) any assets, liabilities or operations of UTP Holdings and each of its Subsidiaries prior to the Effective Time other than (i) the assets, liabilities and operations of UTA at any time and (ii) UTP Holdings' interest in the income, gains, losses and liabilities of UTA at any time (it being understood that the foregoing clauses (i) and (ii) shall not limit in any respect any right of the Purchaser Indemnified Parties to be indemnified with respect to Losses under any other subsection of this Section 8.3); provided, that ARCO shall not indemnify, defend or hold harmless the Purchaser Indemnified Parties from, against and in respect of any Losses for which Purchaser is required to indemnify the Seller Indemnified Parties pursuant to this Agreement;

(e) "quality bank" adjustments and oil and gas overlifts, underlifts and imbalances for production through and including December 31, 1999, notwithstanding any disclosure of such matters in the Disclosure Schedule; and

(f) the withdrawal of the Provisional Consent Order or any modification to the terms of the Provisional Consent Order made in any final order of the FTC in respect thereof.

The indemnity and defense obligation set forth in this Section 8.3 shall apply regardless of cause or of any negligent acts or omissions of any Purchaser Indemnified Party (including, without limitation, the sole negligence, concurrent negligence or strict liability of any Purchaser Indemnified Party).

**Section 8.4 Indemnification Procedures.** With respect to Third Party Claims other than those relating to Taxes, all claims for indemnification by any Indemnified Party hereunder shall be asserted and resolved as set forth in this Section 8.4. In the event that any written claim or demand for which ARCO or Purchaser, as the case may be (an "Indemnifying Party"), may be liable to any Indemnified Party hereunder is asserted against or sought to be collected from any Indemnified Party by a third party, such Indemnified Party shall promptly, but in no event later than 20 days following such Indemnified Party's receipt of such claim or demand, notify the Indemnifying Party of such claim or demand and the amount or the estimated amount thereof to the extent then feasible (which estimate shall not be conclusive of the final amount of such claim or demand) (the "Third Party Claim Notice") and in the event that an Indemnified Party shall assert a claim for indemnity under this Article VIII or Section 5.22(d), not including any Third Party Claim, the Indemnified Party shall notify the Indemnifying Party promptly following its discovery of the facts or circumstances giving rise thereto (together with a Third Party Claim Notice, a "Claim Notice"). The Indemnifying Party shall have no liability with respect to any expenses incurred by the Indemnified Party prior to the time the Claim Notice is delivered to the Indemnifying Party. The

Indemnifying Party shall have 30 days from the personal delivery or mailing of the Claim Notice (the "Notice Period") to notify the Indemnified Party whether or not it desires to defend the Indemnified Party against such claim or demand. All costs and expenses incurred by an Indemnified Party in defending such claim or demand after the Claim Notice is delivered to the Indemnifying Party shall be considered Losses of the Indemnified Party for purposes of Sections 8.2 and 8.3 of this Agreement. Except as hereinafter provided, in the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that it desires to defend the Indemnified Party against such claim or demand, the Indemnifying Party shall have the right to defend the Indemnified Party by appropriate proceedings and shall have the sole power to direct and control such defense. If the Indemnifying Party so elects to assume the defense of such claim, the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by the Indemnified Party. If any Indemnified Party desires to participate in, but not control, any such defense it may do so at its sole cost and expense. An Indemnified Party shall not settle, compromise or discharge a claim or demand for which it has the right to claim indemnification from the Indemnifying Party hereunder or admit to any liability with respect to such claim or demand without the prior written consent of the Indemnifying Party (which may be withheld in the sole discretion of the Indemnifying Party). The Indemnifying Party shall not, without the prior written consent of the Indemnified Party (which may be withheld in the sole discretion of the Indemnified Party) settle, compromise or discharge or offer to settle, compromise or discharge any such claim or demand on a basis which (x) does not include a provision whereby the plaintiff or claimant in the matter releases the Indemnified Party from all liability with respect to the Third Party Claim or (y) imposes any obligation on the Indemnified Party or any Subsidiary or Affiliate thereof other than the payment to be made by the Indemnifying Party. If the Indemnifying Party elects not to defend the Indemnified Party, then the Indemnified Party shall have the right to defend the claim or demand by appropriate proceedings and shall have the sole power to direct and control such defense. If the Indemnifying Party elects not to defend the Indemnified Party against such claim or demand, then the amount of any such claim or demand, or, if the same be contested by the Indemnified Party, then that portion of any such claim or demand as to which such defense is unsuccessful (and all reasonable costs of expenses pertaining to such defense) shall be the liability of the Indemnifying Party hereunder, subject to the limitations set forth in Section 8.6 hereof. In any event, the Indemnifying Party shall (at its own expense) have the right to participate in the defense or settlement of any Third Party Claim for which the Indemnifying Party may be liable hereunder. To the extent the Indemnifying Party shall direct, control or participate in the defense or settlement of any Third Party Claim, the Indemnified Party will provide the Indemnifying Party and its counsel access to all relevant business records and other documents, and shall use its best efforts to assist, and to cause the employees and counsel of the Indemnified Party to assist, in defense of such claim.

Section 8.5 Characterization of Indemnification Payments. Any amounts paid by ARCO or Purchaser pursuant to this Article VIII shall be treated for all Tax purposes as adjustments to the Purchase Price.

Section 8.6 Limitations on Liability.

(a) Purchaser shall not be liable to any Seller Indemnified Party and Sellers shall not be liable to any Purchaser Indemnified Party in respect of any claim for indemnification arising under Section 8.2(a), 8.3(a) or 8.3(c), unless and until the aggregate amount of Losses arising out of all such claims of indemnification by the Seller Indemnified Parties or the Purchaser Indemnified Parties, as applicable, exceeds in the aggregate \$85,000,000 (the "Deductible"), and then, only to the extent of any Losses exceeding such Deductible.

(b) Purchaser shall have no liability to any Seller Indemnified Party, and Sellers shall have no liability to any Purchaser Indemnified Party, in respect of any individual claim for indemnification (or groups of related claims or claims of the same Person having substantially similar factual and legal bases) under Section 8.2(a) or 8.3(a) or the Losses arising from such claim unless and until the Losses arising therefrom exceed \$1,000,000. Any Losses arising out of any claim or claims of a Purchaser Indemnified Party excluded from indemnification pursuant to this Section 8.6(b) shall not count against the Deductible.

(c) For purposes of this Article VIII and Section 5.22(d), (i) Losses shall not include any Losses (A) that would result from a change in GAAP or a change in Law after the Effective Time having retroactive effect, (B) to the extent there are reserves reflected in the Year-End Financial Statements in respect of the matter giving rise to such Losses (except that this clause (B) shall not apply to the indemnification provided in Section 5.22(d)) or (C) to the extent the Indemnified Party or any of its Affiliates receives or has the uncontested right to receive insurance proceeds from a third party (not including any proceeds from an insurance policy that is claims rated or is otherwise the economic equivalent of self-insurance unless Purchaser shall be entitled to assert claims against such insurance and shall have indemnified Sellers with respect thereto in accordance with Section 5.13) in respect of such Losses and (ii) the amount of any Losses for which indemnification is provided under this Article VIII or Section 5.22(d) shall be reduced by the present value of any Tax benefits actually realized by the Indemnified Party arising from the incurrence or payment of any such Losses and increased by the present value of any Tax cost actually incurred by the Indemnified Party as a result of any indemnification payment under this Article VIII or Section 5.22(d).

(d) Notwithstanding any other provision of this Agreement, neither party shall be entitled to receive from the other party, and no indemnification shall be provided under Sections 5.22(d), 8.2 or 8.3 in respect of, any special, indirect, incidental,

punitive or consequential damages (except to the extent assessed against the Indemnified Party by a Governmental Entity of competent jurisdiction).

(e) Unless and until the BP Amoco/ARCO Merger is consummated, Sellers and BP Amoco shall not have any liability under this Agreement to Purchaser (whether for indemnification under this Article VIII or otherwise) or any other liability to Purchaser (other than any remedy that may be expressly provided by Article IX) arising out of or in connection with any breach by either Seller of any of its representations, warranties, covenants and agreements in this Agreement.

Section 8.7 Indemnification as Sole Remedy. After the First Closing occurs, unless this Agreement expressly provides other remedies, the indemnity provided herein as it relates to this Agreement and the transactions contemplated by this Agreement shall be the sole and exclusive remedy of the Seller Indemnified Parties and the Purchaser Indemnified Parties (without limitation of any rights of Sellers or Purchaser under Section 6.4 in respect of the Second Closing, under Article IX or Section 5.5) with respect to any and all claims for Losses sustained, incurred or suffered, directly or indirectly, relating to or arising out of this Agreement and the transactions contemplated hereby, including, without limitation, any such claims arising under or based upon any Laws, and Purchaser on behalf of the Purchaser Indemnified Parties and ARCO on behalf of the Seller Indemnified Parties waive, to the fullest extent permitted under applicable Laws, any and all rights, claims and causes of action, legal or equitable, to pursue any other remedies.

Section 8.8 Tax Indemnification. Claims for indemnification with respect to Taxes shall be governed by Section 5.5 rather than by this Article VIII (except to the extent set forth in Section 8.6(c)(ii)).

Section 8.9 Title Matters.

(a) Title Due Diligence. After execution and delivery of this Agreement, ARCO Alaska will make available during ARCO Alaska's regular business hours, for Purchaser's review, records in ARCO Alaska's possession relating to the title to the individual Fields and Exploration Leases. As soon as reasonably practicable (and on an ongoing basis), but in no event later than 120 days after the First Closing, Purchaser may notify Sellers in writing of any (a) title defect which results in a reduction in Area Participation Percentage as set forth in Schedule 8.9 of the Disclosure Schedule for the Field in question, and (b) any failure of title in and to an Exploration Lease. Such notice shall include a description and reasonably detailed explanation (including any and all supporting documentation associated therewith) of each title defect or title failure being claimed. The parties shall meet from time to time as necessary in an attempt to agree on a resolution with respect to any title defects or title failures raised by Purchaser.

(b) Area Participation Percentage. The parties agree that (i) any and all monetary adjustments resulting from a title defect associated with the Fields claimed by Purchaser shall be calculated by multiplying the actual percentage decrease in the Area Participation Percentage of the Field in question as set forth in Schedule 8.9 of the Disclosure Schedule by the Value allocated to the Area Participation Percentage of the Field in question, and (ii) no monetary adjustment associated with a title defect may exceed the Value allocated to the Area Participation Percentage of the Field in question. If the parties are unable to agree on a resolution with respect to one or more of the title defects claimed by Purchaser, Purchaser may, within 180 days after the Closing, initiate binding arbitration in accordance with the provisions set forth in Section 8.9(d) to resolve the dispute over the title defect. If Purchaser fails to submit such dispute to binding arbitration for resolution within such 180-day period, Purchaser's right to a monetary adjustment resulting from such title defect or defects shall terminate, and Purchaser irrevocably waives any and all claims it may have against Sellers and their Affiliates associated with the same.

(c) Exploration Leases. The parties agree that any and all monetary adjustments resulting from a title failure associated with the Exploration Leases claimed by Purchaser shall be calculated by multiplying ARCO Alaska's purported working interest in the Exploration Lease in question (as reflected in the land department files of ARCO Alaska) by the amount of the original lease bonus paid to the applicable lessor; provided, however, that Purchaser shall not be entitled to a monetary adjustment resulting from a title failure associated with the Exploration Leases unless and until the aggregate amount of the actual monetary adjustments determined in accordance with this Section 8.9(c) exceeds in the aggregate \$2,187,500, and then, only to the extent that any monetary adjustment exceeds such deductible amount. If the parties are unable to agree on a resolution with respect to one or more of the title failures claimed by Purchaser, Purchaser may, within 180 days after the First Closing, initiate binding arbitration in accordance with the provisions set forth in Section 8.9(d) to resolve the dispute over the title failure. If Purchaser fails to submit the dispute over the title failure to binding arbitration for resolution within such 180-day period, Purchaser's right to a monetary adjustment resulting from such title failure or failures shall terminate, and Purchaser irrevocably waives any and all claims it may have against Sellers and their Affiliates associated with the same.

(d) Arbitration. Any and all disputes arising under Sections 8.9(b) and 8.9(c) shall be resolved through the use of binding arbitration using three arbitrators, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, as supplemented by the Federal Arbitration Act (Title 9 of the United States Code) to the extent necessary to determine any procedural appeal questions. If there is any inconsistency between this Section 8.9 and the Commercial Arbitration Rules or the Federal Arbitration Act, the terms of this Section 8.9 will control the rights and obligations of the parties. Arbitration must be initiated within the applicable time limits

set forth in Section 8.9(b) or 8.9(c), as applicable, and not thereafter. Arbitration may be initiated by Purchaser by serving written notice on Sellers that Purchaser elects to refer the dispute to binding arbitration. Purchaser's notice initiating binding arbitration must identify the arbitrator Purchaser has appointed. Sellers shall respond to Purchaser within 60 days after receipt of Purchaser's notice, identifying the arbitrator Sellers have appointed. If Sellers fail for any reason to name an arbitrator within the 60-day period, Purchaser will name the arbitrator for Sellers' account. The two arbitrators so chosen shall select a third arbitrator within 30 days after the second arbitrator has been appointed. Sellers will pay the compensation and expenses of the arbitrator named by or for it, and Purchaser will pay the compensation and expenses of the arbitrator named by it. Sellers and Purchaser will each pay one-half of the compensation and expenses of the third arbitrator. All arbitrators must be neutral parties who have never been officers, directors or employees of the parties or any of their Affiliates, and must have not less than seven years of title examination legal experience in the oil and gas industry. The hearing will be conducted in Anchorage, Alaska and commence within 60 days after the selection of the third arbitrator. The parties and the arbitrators should proceed diligently and in good faith in order that the award may be made as promptly as possible. The award of damages, if any, by the arbitrators shall be limited as follows: (i) with respect to title defects asserted in accordance with the provisions of Section 8.9(b), damages (A) shall be calculated by multiplying the actual percentage decrease in the Area Participation Percentage of the Field in question as set forth in Schedule 8.9 of the Disclosure Schedule by the Value allocated to the Area Participation Percentage of the Field in question, and (B) shall not exceed the Value allocated to the Area Participation Percentage of the Field in question, and (ii) with respect to title failures asserted in accordance with the provisions of Section 8.9(c), damages (A) shall be calculated by multiplying ARCO Alaska's purported working interest in the Exploration Lease in question (as reflected in the land department files of ARCO Alaska) by the amount of the original lease bonus paid to the applicable lessor, and (B) Purchaser shall not be entitled to a monetary adjustment resulting from a title failure associated with the Exploration Leases unless and until the aggregate amount of the actual monetary adjustments determined in accordance with Section 8.9(c) exceeds in the aggregate \$2,187,500, and then, only to the extent that any monetary adjustment exceeds such deductible amount. The arbitrators shall additionally have no right to grant or award any special, indirect, punitive or consequential damages of any kind. Except as provided in the Federal Arbitration Act, the decision of the arbitrators will be binding on and non-appealable by the parties.

(e) Sole Remedy. The provisions of this Section 8.9 set forth the sole and exclusive remedy of Purchaser and its Affiliates with respect to any and all defects or deficiencies in title to the Properties, other than AMI Conveyed Properties, and Purchaser, on behalf of itself and the Purchaser Indemnified Parties, waives, to the fullest extent permitted under applicable Law, any and all rights, claims and causes of action, legal or equitable, to pursue any other remedies.

Section 8.10 Inspection of AMI Conveyed Properties owned by AMI

(a) Inspection. After execution and delivery of this Agreement and within 60 days of the date hereof, ARCO will cause AMI to provide Purchaser with an opportunity to conduct a class inspection of each tanker listed on Schedule 1.1(B) that is owned by AMI and an opportunity to review each tanker's classification certificate so that the Purchaser may confirm that each such tanker has been assigned by the classification society, American Bureau of Shipping, Inc., the class set forth on Schedule 1.1(B) for such tanker and is suitable for the carriage of crude oil in the trade in which it is currently engaged on behalf of AMI.

(b) Notification of any Deficiency. As soon as reasonably practicable (and on an ongoing basis), but in no event later than 10 days after the end of the 60-day period referred to in Section 8.10(a), Purchaser may notify ARCO in writing of any deficiency which results, as of the First Closing Date, in a failure of any tanker to be in such class or additional conditions or recommendations being made with respect to such class, in each case not arising out of the operation of such tanker by Purchaser after the ARCO Marine Transfer Date. Such notice must include a description and reasonably detailed explanation (including any and all supporting documentation associated therewith) of each deficiency being claimed and the value Purchaser in good faith attributes to the same. The parties shall consult and/or meet from time to time as necessary in an attempt to agree on a resolution with respect to the deficiency claimed by Purchaser. Promptly upon (i) any such agreement between the parties on the resolution of any deficiency claimed by Purchaser or (ii) a final arbitration award with respect to such deficiency in accordance with Section 8.10(c), ARCO shall pay to Purchaser the reasonable costs of correcting any such deficiency in accordance with the applicable resolution.

(c) Arbitration. Any and all disputes arising under this Section 8.10 must be resolved through the use of binding arbitration using three arbitrators, in accordance with the Rules of the Society of Maritime Arbitrators (New York), Inc., as supplemented by the Federal Arbitration Act (Title 9 of the United States Code) to the extent necessary to determine any procedural appeal questions. If there is any inconsistency between this Section 8.10 and the Rules of the Society of Maritime Arbitrators (New York), Inc., the terms of this Section 8.10 will control the rights and obligations of the parties. Arbitration must be initiated within the applicable time limits set forth in Section 8.10(b) and not thereafter. Arbitration may be initiated by Purchaser serving written notice on ARCO that Purchaser elects to refer the dispute to binding arbitration. Purchaser's notice initiating binding arbitration must identify the arbitrator Purchaser has appointed from the list of arbitrators maintained by the Society of Maritime Arbitrators (New York), Inc. ARCO shall respond to Purchaser within 60 days after receipt of Purchaser's notice, identifying the arbitrator ARCO has appointed from the list of arbitrators maintained by the Society of Maritime Arbitrators (New York), Inc. If

ARCO fails for any reason to name an arbitrator within the 60 day period, Purchaser will name the arbitrator for ARCO's account. The two arbitrators so chosen shall select a third arbitrator within 30 days after the second arbitrator has been appointed. ARCO will pay the compensation and expenses of the arbitrator named by or for it, and Purchaser will pay the compensation and expenses of the arbitrator named by it. The parties will each pay one-half of the compensation and expenses of the third arbitrator. The hearing will be conducted in the City of New York and commence within 60 days after the selection of the third arbitrator. The parties and the arbitrators should proceed diligently and in good faith in order that the award may be made as promptly as possible. The award of damages by the arbitrators, if any, shall be the reasonable cost required to restore the tanker to the classification set forth on Schedule 1.1(B) for such tanker. The arbitrators shall additionally have no right to grant or award any special, indirect, punitive or consequential damages of any kind. Except as provided in the Federal Arbitration Act, the decision of the arbitrators will be binding on and non-appealable by the parties.

#### Article IX TERMINATION

Section 9.1 Termination of Agreement. This Agreement may be terminated at any time prior to the First Closing:

- (a) by written agreement of Purchaser and Sellers;
- (b) by either Purchaser or Sellers, if there shall be in effect any Law that prohibits the consummation of the First Closing or if consummation of the First Closing would violate an Order which has become final and non-appealable;
- (c) by either Sellers or Purchaser if the Merger Agreement is terminated for any reason whatsoever other than by consummation of the BP Amoco/ARCO Merger;
- (d) by Purchaser (provided that Purchaser is not in material breach of any representation, warranty, covenant or agreement contained herein) in the event that Sellers shall have materially breached this Agreement and such breach would result in the failure of a condition to the First Closing set forth in Section 6.1 or 6.2 and such breach is not capable of being cured prior to the First Closing;
- (e) by Sellers (provided that Sellers are not in material breach of any representation, warranty, covenant or agreement contained herein) in the event that Purchaser shall have materially breached this Agreement and such breach would result in the failure of a condition to the First Closing set forth in Section 6.1 or 6.3 and such breach is not capable of being cured prior to the First Closing;



(f) by Sellers, if (i) the First Closing shall not have occurred as a result of any action or inaction by Purchaser on or prior to the fifth Business Day following the first day on which the First Closing could occur in accordance with Section 2.2(a), (ii) the Provisional Consent Order or the State Consent Order shall not have been issued within 10 Business Days of the date hereof or (iii) the State of Alaska notifies ARCO Alaska and BP Exploration that it objects to the proposed sale of the Shares and the Conveyed Properties to Purchaser pursuant to Section V.E.2. of the Charter; or

(g) by Purchaser, if the First Closing shall not have occurred as a result of any action or inaction by Sellers on or prior to the fifth Business Day following the first day on which the First Closing could occur in accordance with Section 2.2(a).

Section 9.2 Effect of Termination. In the event of the termination of this Agreement in accordance with Section 9.1 hereof, this Agreement shall thereafter become void and have no effect, and no party hereto shall have any liability to any other party hereto or its Affiliates, directors, officers, shareholders, partners, attorneys, accountants, agents or employees in connection with this Agreement; provided, however, that the obligations of the parties hereto contained in the Confidentiality Agreement and in this Section 9.2 and in Sections 5.22(d), 10.1, 10.2, 10.4, 10.6, 10.7, 10.8 and 10.10 hereof shall survive, and nothing herein will relieve any party from liability for any material breach of this Agreement prior to such termination.

Section 9.3 Termination of Certain Obligations. In the event that the Second Closing shall not have occurred on or prior to June 30, 2001, the obligations, covenants and agreements of the parties under (a) Sections 2.4, 2.5, 2.7 and 6.4 and (b) Article V and Article VIII, but only with respect to the Second Closing and any Shares, Companies and Conveyed Properties that are the subject of the Second Closing, shall terminate and no party hereto shall have any liability to any other party hereto or its Affiliates, directors, officers, shareholders, partners, attorneys, accountants, agents or employees in connection with the aforementioned obligations, covenants and agreements.

## Article X MISCELLANEOUS

Section 10.1 Notices. All notices or other communications hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the party for whom it is intended, if delivered by registered or certified mail, return receipt requested, or by a national courier service, or if sent by facsimile; provided that the facsimile is promptly confirmed by telephone confirmation thereof, to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

To Purchaser:

Phillips Petroleum Company  
Phillips Building  
Bartlesville, Oklahoma 74004

Telephone: (918) 661-5634  
Facsimile: (918) 662-1617  
Attn: J. Bryan Whitworth

With a copy to:

Wachtell, Lipton, Rosen & Katz  
51 West 52<sup>nd</sup> Street  
New York, NY 10019

Telephone: (212) 403-1000  
Facsimile: (212) 403-2000  
Attn: Andrew R. Brownstein, Esq.  
Elliott V. Stein, Esq.

To Sellers:

Atlantic Richfield Company  
333 South Hope Street  
Los Angeles, CA 90071

Telephone: (213) 486-1774  
Facsimile: (213) 486-3354  
Attn: Bruce G. Whitmore

And

CH-Twenty, Inc.  
444 South Flower Street, 32<sup>nd</sup> Floor  
Los Angeles, CA 90071

Telephone: (213) 486-3640  
Facsimile: (213) 486-2063  
Attn: Steven R. Porter

With a copy to:

BP Amoco p.l.c.  
Britannic House  
1 Finsbury Circus  
London EC2M 7BA  
England

Telephone: (011-44-171) 496-4013  
Fax: (011-44-171) 496-4592  
Attn: Peter B.P. Bevan

And

SULLIVAN & CROMWELL  
125 Broad Street  
New York, New York 10004

Telephone: (212) 558-4000  
Facsimile: (212) 558-3588  
Attn: Benjamin F. Stapleton, III

Section 10.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Sellers and Purchaser, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 10.3 Assignment. No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto; provided, however, that, subject to the provisions of Section 5.18, Purchaser may assign its rights to purchase the Shares, any of the Conveyed Properties or any of the Product Inventory to a wholly owned Subsidiary of Purchaser without, however, in any respect limiting Purchaser's obligations pursuant to this Agreement. Any assignment in contravention of this provision shall be null and void.

Section 10.4 Entire Agreement. This Agreement (including the Disclosure Schedule) contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters, except for the Confidentiality Agreement, which will remain in full force and effect until the Second Closing.

Section 10.5 Fulfillment of Obligations. Any obligation of any party to any other party under this Agreement, which obligation is performed, satisfied or fulfilled by an Affiliate of such party, shall be deemed to have been performed, satisfied or fulfilled by such party.

Section 10.6 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than Sellers or Purchaser or their successors or permitted assigns any rights or remedies under or by reason of this Agreement; provided, however, that Purchaser's obligations under Sections 5.6 and 5.21 are intended for the benefit of the employees of the Companies and the ARCO Directors and Officers, respectively.

Section 10.7 Public Disclosure. Notwithstanding anything herein to the contrary, each of the parties to this Agreement hereby agrees with the other parties hereto that no press release or similar public announcement or communication shall, prior to the First Closing, be made or caused to be made concerning the execution or performance of this Agreement without prior consultation with the other parties hereto.

Section 10.8 Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such expenses.

Section 10.9 Schedules. The disclosure of any matter in any schedule to this Agreement shall be deemed to be a disclosure for all purposes of this Agreement to which such matter could reasonably be likely to be pertinent, but shall expressly not be deemed to constitute an admission by Seller, or to otherwise imply, that any such matter is material for the purposes of this Agreement.

Section 10.10 GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS TO BE WHOLLY PERFORMED IN SUCH STATE. EACH PARTY HERETO AGREES THAT IT SHALL BRING ANY ACTION OR PROCEEDING IN RESPECT OF ANY CLAIM ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTAINED IN OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN TORT OR CONTRACT OR AT LAW OR IN EQUITY, EXCLUSIVELY IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK OR THE SUPREME COURT OF THE STATE OF NEW YORK FOR THE COUNTY OF NEW YORK (THE "CHOSEN COURTS") AND (I) IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE CHOSEN COURTS, (II) WAIVES ANY OBJECTION TO

LAYING VENUE IN ANY SUCH ACTION OR PROCEEDING IN THE CHOSEN COURTS, (III) WAIVES ANY OBJECTION THAT THE CHOSEN COURTS ARE AN INCONVENIENT FORUM OR DO NOT HAVE JURISDICTION OVER ANY PARTY HERETO AND (IV) AGREES THAT SERVICE OF PROCESS UPON SUCH PARTY IN ANY SUCH ACTION OR PROCEEDING SHALL BE EFFECTIVE IF NOTICE IS GIVEN IN ACCORDANCE WITH SECTION 10.1 OF THIS AGREEMENT OR IN ANY OTHER MANNER PERMITTED BY LAW.

Section 10.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.

Section 10.12 Headings. The heading references herein and the table of contents hereto are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

Section 10.13 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 10.14 Extension of Performance. Whenever under the terms of this Agreement the time for performance of a covenant or condition falls upon a day that is not a Business Day, such time for performance shall be extended to the next Business Day.

IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed as of the date first written above.

ATLANTIC RICHFIELD COMPANY

By: /s/ Mike R. Bowlin  
Name: Mike R. Bowlin  
Title: Chairman and  
Chief Executive Officer

CH-TWENTY, INC.

By: /s/ Terry G. Dallas  
Name: Terry G. Dallas  
Title: Vice-President

PHILLIPS PETROLEUM COMPANY

By: /s/ J.J. Mulva  
Name: J.J. Mulva  
Title: Chairman and  
Chief Executive Officer

Solely for purposes of Section 5.12 hereof:

BP AMOCO P.L.C.

By: /s/ G.R. Bradley  
Name: G.R. Bradley  
Title: Attorney-in Fact

LDS000153

## **Sellers' Disclosure Schedule**

This is the Disclosure Schedule referred to in Article III of that certain Master Purchase and Sale Agreement, dated as of March 15, 2000, as amended as of April 6, 2000 among the Sellers, BP Amoco and Purchaser ("Purchase and Sale Agreement"). The inclusion of any matter in this Disclosure Schedule shall not be deemed to be an admission by the Sellers (a) as to the materiality of such matter or (b) that such disclosure is required to be made under the terms of any of such representations and warranties. If any matter that is disclosed in any section of this Disclosure Schedule would, based on the description of such matter, be clearly applicable to any other section of this Disclosure Schedule then, notwithstanding the omission of such matter, or any cross-reference to such matter, from such other section, such matter shall be deemed disclosed with respect to such other section.

Except as otherwise specified, all capitalized terms set forth in this Disclosure Schedule shall have the respective meanings ascribed to such terms in the Purchase and Sale Agreement.



Schedule 1.1(A)

AMI Conveyed Contract

Construction Contract for 125,000 DWT Double Hull Crude Carriers between ARCO Marine, Inc. and Avondale Industries, Inc. dated July 1, 1997, as amended.

Provides for construction of three 125,000 DWT double hull crude carriers, Hull Numbers 2497, 2498 and 2499, otherwise known as the ARCO Endeavour, ARCO Resolution and ARCO Discovery.

Contract was assigned to AMI Leasing, Inc. on Sept. 1, 1999.

Schedule 1.1(B)

AMI Conveyed Properties

Vessel Name: ARCO ALASKA

Classification: +A1, (E), Oil Carrier, +AMS

Built By: 1979, National Steel & Shipbuilding Co., San Diego, CA

Flag: United States

Call Sign: KSBK

Official Number: D614544

Port of Registration: Los Angeles/Long Beach

Registered Tonnage: 83,675 Gross/73,114 Net

IMO Number: 7500877

Vessel Name: ARCO CALIFORNIA

Classification: +A1, (E), Oil Carrier, +AMS

Built By: 1980, National Steel & Shipbuilding Co, San Diego, CA

Flag: United States

Call Sign: WMCV

Official Number: D623291

Port of Registration: Los Angeles/Long Beach

Registered Tonnage: 83,675 Gross/73,114 Net

IMO Number: 7500889

Vessel Name: ARCO TEXAS

Classification: +A1, (E), Oil Carrier, +AMS

Built By: 1973, Sparrows Point, MD, Rebuilt 1981 at Newport News, VA

Flag: United States

Call Sign: KNFD

Official Number: D549197

Port of Registration: Los Angeles

Registered Tonnage: 39,665 Gross/32,800 Net  
IMO Number: 7320394

Vessel Name: ARCO SPIRIT  
Classification: +A1,(E) Liquid Cargo Carrier, +AMS  
Built : 1977, Bethlehem Steel, Sparrows Point, MD  
Flag: United States  
Call Sign: KHL D  
Official Number: D580245  
Port of Registration: Philadelphia, Pa.  
Registered tonnage: 117,515 gross/105,893 net  
IMO Number 7390064

Vessel Name: ARCO INDEPENDENCE  
Classification: +A1,(E) Liquid Cargo Carrier, +AMS  
Built : 1977, Bethlehem Steel, Sparrows Point, MD  
Flag: United States  
Call Sign: KLHV  
Official Number: D586633  
Port of Registration: Philadelphia, Pa.  
Registered tonnage: 117,515 gross/105,893 net  
IMO Number: 7390076

Schedule 1.1(C)

ARCO Oil and Gas Leases

ADL-380049, 380050, 380051, 380052, 380053, 380054,  
380055, 380058, 380059, 380060, 380062, 380087, 380088,  
380089, 380090, 380106, 380107

Schedule 1.1(D)

ARCO Trader

Bareboat charter held by ARCO Marine with respect to ARCO  
TRADER

Owner: Attranco, Inc.

Classification: +A1,(E) Oil Carrier, +AMS, +ACC

Built : 1982, National Steel & Shipbuilding Corp, San Diego, CA

Flag: United States

Call Sign: WCZ3758

Official Number: D652547

Port of Registration: Long Beach, CA

Registered tonnage: 24,669 gross/18,136 net

IMO Number: 8008929

Schedule 1.1(E)

Knowledge of Sellers

Re AAI:

Kevin O. Meyers—President

Phoebe A. Wood--VP Finance, Planning and Control

Re ATAI

Margaret A. Yaege—President

Edward R. Hendrickson—VP and Controller

Re AMI:

Timothy J. Clossey—President

Mary K. Kelley--Financial Manager

Schedule 2.2(b)

Allocation of Initial Producing and Marine Assets Purchase Price

	<u>Initial Producing and Marine Assets Purchase Price</u>
ARCO (ARCO Alaska Shares)	\$5,208,000,000
ARCO (UTP Holding Shares)	\$165,000,000
ARCO (ARCO Marine Shares)	\$1,000,000
CH-Twenty (ARCO Beluga Shares)	\$90,000,000
AMI (AMI Conveyed Properties)	\$90,000,000
Product Inventory	\$170,213,643

NY12526:19553.5

LDS000158

Schedule 2.4(b)

Allocation of Initial Pipeline Assets Purchase Price

	<u>Initial Pipeline Assets Purchase Price</u>
AMI Conveyed Contract	\$300,000,000
ATAI Shares	\$484,000,000, less the aggregate principal amount of the Bonds outstanding on the day immediately prior to the Second Closing Date
Kuparuk Shares	\$44,000,000
Oliktok Shares	\$8,000,000
Alpine Shares/Alpine Rights of Way	\$84,000,000
CIPC Shares	\$1,000,000

NY12526:19553.5

LDS000159

Schedule 2.6

ARCO's Real Property Interests

Description of Anchorage Office Complex:

Anchorage Office Complex located at:  
Lot 1A, Block 81, ORIGINAL TOWNSITE, according to the  
official plat thereof, filed under Plat Number 82-337, Records of  
the Anchorage Recording District, Third Judicial District, State of  
Alaska

Aircraft Lease:

Amended and Restated Lease Agreement between First Security  
Bank, National Association, Lessor and ARCO, Lessee, Dated as  
of December 31, 1999, covering one Boeing 737-205 Aircraft and  
its related Engines, U.S Registration No. N733AR

Schedule 3.5

Consents and Approvals

Regulatory Commission of Alaska, in connection with change in ownership of ATAI, Kuparuk, Oliktok, Alpine and Cook Inlet Pipeline Company.

U.S. Department of the Interior, in connection with the ATAI federal right-of-way.

State of Alaska, in connection with change of ownership of state pipeline rights of way.

Maritime Administration, in connection with transfer of AMI Conveyed Contract (new build construction contract).

Maritime Administration, in connection with the bareboat charter held by ARCO Marine re the ARCO Trader owned by Attransco, Inc.

Maritime Administration, in connection with the time charter between Purchaser and ARCO Marine re the ARCO Trader

Approvals set forth in Section 2.6(a) of the Agreement.

Schedule 3.6

Non-Contravention

1. This schedule incorporates by reference the UTP Holdings Indentures set out in Schedule 3.15.
2. Trans Alaska Pipeline System Agreement, entered into as of August 27, 1970, by and among Atlantic Pipe Line Company, BP Pipe Line Corporation, Humble Pipeline Company, Amerada Hess Corporation, Home Pipe Line Company, Mobil Pipe Line Company, Phillips Petroleum Company, and Union Oil Company of California, as amended.
3. Shareholders Agreement /Cook Inlet Pipeline Company, dated as of March 22, 1966, between Marathon Petroleum Company, Mobil Pipe Line Company, ARCO, Union Oil Company of California and Cook Inlet Pipe Line Company, as amended.
4. Avondale Industries, Inc., in connection with transfer of AMI Conveyed Contract (new build construction contract)

Schedule 3.7

Financial Statements

Attached in separate documents.



Schedule 3.8 (a)

Litigation and Claims

**Alaska Litigation (Excluding Pipelines)**

Janis Knight-Choy, et al v. ARCO, ARCO Alaska, et al, Superior Court for State of Alaska, 3AN-98-7035 CI

18 plaintiffs have filed suit seeking certification as a class. Plaintiffs seek damages for emotional distress and establishment of a medical monitoring trust fund as a result of alleged exposure to asbestos in ARCO Alaska's ANO office complex in 1996-97.

In connection with the same asbestos incident, Alyeska Pipeline Service Company has made a claim against ARCO Alaska, Inc. alleging breach of Alyeska's lease with ARCO Alaska for office space in the ANO complex. Alyeska and ARCO Alaska have agreed to resolve this dispute through binding arbitration.

Moir Casey, et al v. Atlantic Richfield Company et al, United States District Court, Central District of California, Case No. 99-06437

9 plaintiffs, all of whom are either current or former employees of an ARCO Alaska contractor working at Prudhoe Bay, have filed suit seeking certification as a class. Plaintiffs claim that they were and/or are common law employees of ARCO and are entitled to participate in various ARCO employee benefit plans.

TAPS Quality Bank.

The methodology used to compensate or charge ANS producers based upon the quality of the crude they ship through TAPS is being challenged in the courts. A settlement based on the CMV methodology was reached with all parties (except Tesoro, Exxon and Phillips) which the State of Alaska supports and was presented to FERC 1/8/97. The 9 party settlement was certified by an ALJ on 9/30/97 and approved by FERC 12/17/97. An appeal was taken to the D.C. Circuit, which on 7/13/99 unanimously approved the 9 party settlement, rejecting some Exxon challenges, including demands for intrafield quality differentials based on sulfur content and viscosity among others, but remanding to FERC: (1) the reference price and processing cost adjustment for the resid fraction, and (2) the FERC's failure to make the settlement retroactive to 12/93. A renewed settlement conference has been scheduled in 3/00 by a FERC ALJ. Appeals from Tesoro, Exxon and Phillips from related

FERC proceedings are pending before the D.C. Circuit Court of Appeals (Consolidated Case Numbers 99-1223, 99-1224, 99-1239 and 99-1250).

Midnight Sun Discovery Royalty.

Appeal to Department of Natural Resources Commissioner Shively from decision denying discovery royalty for the lease on which the Midnight Sun discovery was made. ARCO and Exxon own equal interests in the lease, and have jointly retained Barbara Fullmer of Guess and Rudd to represent the lessees in administrative and any subsequent judicial proceedings. If ARCO and Exxon prevail, they will have a royalty rate of 5% instead of the regular rate of 12.5% for a period of ten years from the date of discovery.

Royalty Settlement Agreement (RSA) Reopener

The RSA covers the valuation of most oil, condensate and NGLs produced by ARCO on the Alaska North Slope (ANS) that is taken in value by the State of Alaska. ARCO and the Department of Natural Resources have each exercised their right to "reopen" the RSA. The matter is subject to binding "baseball" style arbitration. A third party arbitrator, Frederic K. Conover, Esq., of Denver, Colorado has been selected. However, the matter has been stayed by agreement of the parties. The parties have not yet made their "baseball" proposals, and the amount at stake is difficult to quantify given that each proposal will involve formulas that are affected by various forward-looking assumptions.

### **Marine Operations Litigation**

Set out below are litigation and claims as of December 31, 1999.  
There may be additional claims since that date.

#### Otis LeCompte v. ARCO Marine Inc.

Jones Act case seeking unspecified damages for a back injury.

#### Joseph Perna v. ARCO Marine Inc.

Alleged Damages of \$750,000 sought on appeal for a Jones Act case.

9 Other Jones Act cases (Protection and Indemnity Policy from American Steamship Owners Mutual Protection and Indemnity Association, Inc. caps exposure to \$100,000 for each of these 11 Jones Act cases, such coverage subject to the terms and conditions of the policies and rules of the underwriter).

2,877 pending asbestos cases, 4 benzene exposure cases and 1 hearing loss case (Protection and Indemnity Policy from American Steamship Owners Mutual Protection and Indemnity Association, Inc. caps exposure to \$100,000 for each case, such coverage subject to the terms and conditions of the policies and rules of the underwriter).

#### Tom Copeland v. State of Alaska and Department of Environment Conservation

Intervention in appeal of approval of tanker contingency plans.

#### Potential Claim by Tosco

Possible action for damages and lost profits relating to ARCO Texas incident. (Covered by American Steamship Owners Mutual Protection and Indemnity Association, Inc., such coverage subject to the terms and conditions of the policies and rules of the underwriter).

## **Alaska Pipeline Litigation**

John Reeves v. Alyeska Pipeline Service Company, Case No. 4FA-93-956 Civil, Superior Court of the State of Alaska, Fourth Judicial District at Fairbanks, Case No. S-09168, Alaska Supreme Court.

John Reeves sued Alyeska in May, 1993, for alleged breach of oral contract, promissory estoppel, breach of implied contract, quasi contract, breach of the covenant of good faith and fair dealing, breach of a license agreement, breach of a lease agreement, fraud, negligent misrepresentation, conversion, imposition of constructive trust and equitable lien relief. A judgment has been entered against Alyeska, and an appeal has been filed with the Alaska Supreme Court.

Sea Hawk Seafoods, Inc. v. Valdez Fisheries Development Assoc., Inc. v. Alyeska Pipeline Service Company (Third Party Defendant), Case No. 3AN-95-3500 Civil, Superior Court for the State of Alaska, Third Judicial District at Anchorage, Case No. S-08389/S-08429, Alaska Supreme Court.

Alyeska was served with a third party complaint on June 28, 1995. Defendant/Third Party Plaintiff, Valdez Fisheries Development Assoc., Inc. ("VFDC") was sued by Sea Hawk Seafoods, Inc. ("Sea Hawk") in connection with VFDA's attempt to acquire and modify a Sea Hawk seafood processing plant in Valdez, Alaska and enter into an agreement with Alyeska whereby Alyeska would lease the facility as a Wildlife Rehabilitation Center. VFDA sued Alyeska claiming that Alyeska is obligated to assume and pay any damages and costs incurred by VFDA pursuant to the Sea Hawk complaint. VFDA sought a declaratory judgment that VFDA and Alyeska entered into a valid and enforceable agreement for the lease of the facility as a Wildlife Rehabilitation Center. VFDA alleged additional theories for specific performance, promissory estoppel and breach of contract. VFDA sought damages in an amount that would put VFDA in as good a position as it would have been in had Alyeska performed its alleged promise, interest, costs and attorney fees incurred by VFDA for both defending the claim brought by Sea Hawk and prosecuting the third party claim against Alyeska.

In re Consideration of an Offer of Settlement of Tariff Rates for the Intrastate Transportation of Petroleum over the Trans-Alaska Pipeline System by Amerada Hess Pipeline Corporation, et al., Docket No. P-86-2, before the Regulatory Commission of Alaska (RCA).

Regulatory proceedings were instituted in 1986 to determine whether the tariff rates and tariff rules and regulations of the oil pipeline carriers that own interests in TAPS (TAPS Owners), for the transportation of petroleum from Prudhoe Bay, Alaska, to final destinations in Alaska, are lawful. Settlement has been reached between the TAPS Owners and the State of Alaska. This settlement is embodied in an Interstate Settlement Agreement and an Intrastate Settlement Agreement. Together those two agreements contain a methodology (the TAPS Settlement Methodology or TSM) that each TAPS Owner must use to determine, on an annual basis, the maximum rates it may charge. The Alaska Public Utilities Commission (APUC), the predecessor to the RCA, approved the settlement insofar as rates in effect through July 11, 1986, are concerned. In addition, the APUC issued an order indicating that the suspensions of rates filed after that date will not be vacated until the Commission determines that they were correctly calculated under TSM and include acceptable input data. The TAPS Owners' rates from 1986 through 1996 have been suspended for investigation in this docket.

In re Correct Calculation and Use of Acceptable Input Data to Calculate the 1997 and 1998 Tariff Rates for the Intrastate Transportation of Petroleum on the Trans Alaska Pipeline System Filed by Amerada Hess Pipeline Corporation, et al., Docket No. P-97-4, before the RCA.

This proceeding was initiated to determine whether the 1997, 1998, 1999, and 2000 tariff rates of the TAPS Owners for the transportation of petroleum to final destinations in Alaska, are lawful. Tesoro Alaska Petroleum Co. (Tesoro), Williams Alaska Petroleum, Inc. (Williams) and the RCA Public Advocacy Section have argued that TSM should be modified or replaced with a new methodology and that refunds should be ordered.

Amerada Hess Pipeline Corporation, Docket No. IS98-3-003, et al., before the FERC and In re the Cancellation of Allocation of Capacity Rules by Amerada Hess Pipeline Corporation, et al., and In re Complaint of the State of Alaska Concerning Allocation of Trans Alaska Pipeline System Capacity and the Petition of Tesoro Alaska Petroleum Company for an Investigation into Capacity Allocation and Discontinuance of Use of Certain Pump Stations on the Trans Alaska Pipeline System, Docket No. P-97-6, before the RCA.

On September 22, 1998, the FERC approved an uncontested settlement in Docket No. IS98-3. At issue before the RCA are changes to the nominations procedures as well as claims that the TAPS Owners have improperly reduced TAPS capacity and allocated that capacity among themselves in an improper manner.

In re the Petition of Tesoro Alaska Petroleum Co. for an Investigation into the Amounts Collected By Amerada Hess Pipeline Corp., et al. for Dismantling, Removal and Restoration of the Trans Alaska Pipeline System, Docket No. P-97-7 before the RCA.

In response to Tesoro's petition, the Commission has instituted an investigation into the methodology by which the TAPS Carriers recover amounts to be used for the eventual dismantling and removal of TAPS facilities and restoration of the right-of-way (DR&R). Tesoro has demanded a full accounting of the sums collected in intrastate rates for DR&R, requested that the Commission order that an independent and external DR&R fund be established and suggested that intrastate shippers are entitled to compensation for the TAPS Carriers' use of DR&R sums or to the return of unused DR&R funds.

In re Trans Alaska Pipeline System, Docket Nos. OR89-2-000, et al., before the FERC, In re Formal Complaint of Tesoro Alaska Petroleum Company against Amerada Hess Pipeline Corporation, et al., Docket No. P-89-1 before the RCA, and In re Filing of Revised Quality Bank Gravity Differentials by Amerada Hess Pipeline Corporation, et al., Docket No. P-89-2 before the RCA.

The TAPS Owners have established a Quality Bank in which monetary adjustments are made to compensate shippers for the difference between the quality of the petroleum they deliver into the TAPS common stream at origin points and the quality of the

petroleum they receive from the TAPS common stream at destination points. Proceedings were instituted at both the FERC and the APUC to investigate complaints and protests by a number of shippers.

Tesoro Alaska Petroleum Co. v. State of Alaska, Case No. 3AN-98-3855 Civ., Exxon Company, U.S.A. v. APUC, Case No. 3AN-95-9518 Civ., Exxon Company, U.S.A. v. APUC, Case No. 3AN-95-10177 Civ., Exxon Company, U.S.A. v. APUC, Case No. 3AN-96-1902 Civ., Exxon Company, U.S.A. v. APUC, Case No. 3AN-98-3856 Civ.

There are a series of cases in the Superior Court for the State of Alaska, Third Judicial District at Anchorage, in which various parties have appealed various APUC orders related to the Quality Bank. In each case these appeals have been stayed (or an unopposed motion to stay has been filed) pending resolution of the appeals of the FERC orders governing the Quality Bank methodology.

Tesoro Alaska Petroleum Co. v. FERC, No. 99-1223, before the U.S. Court of Appeals for the D.C. Circuit, In re the Formal Complaint of Exxon Company, U.S.A. Against Amerada Hess Pipeline Corp., et al., Docket No. P-96-6 before the RCA.

EUSA filed complaints in FERC Docket No. OR96-14-000 and APUC Docket No. P-96-6 in which it (i) claimed that various aspects of the Quality Bank operation and various decisions made by the administrator of the Quality Bank were in violation of the TAPS Owners' tariffs (Operational Claims), and (ii) contended that the 1993 Settlement methodology is unreasonable and should be modified (Methodology Claims). EUSA sought damages from the TAPS Owners based on its claims. EUSA and the TAPS Owners entered a settlement resolving EUSA's Operational Claims. The FERC has affirmed the presiding administrative law judge's decision to dismiss EUSA's complaint and granted a motion to dismiss a complaint filed by Tesoro in Docket No. OR98-24-000 challenging the Quality Bank methodology. EUSA, Tesoro and Phillips petitioned the D.C. Circuit Court of Appeals to review the Commission's orders. Those appeals have been consolidated in Docket Nos. 99-1223, et al. and are pending. The APUC suspended the proceedings.

Tesoro Alaska Petroleum Co. v. Amerada Hess, et al., Case No. 3AN-92-10686 Civ., in the Superior Court for the State of Alaska, Third Judicial District at Anchorage

Case related to the Quality Bank proceedings described in the previous paragraphs. Tesoro filed suit against the TAPS Owners claiming that it suffered damages in an unspecified amount as a result of alleged violations of the Alaska Pipeline Act, defendants' tariffs and defendants' common law duties to Tesoro. Tesoro also seeks to recover, pursuant to the terms of the Alaska Pipeline Act, double the amount of the allegedly unlawful rate that it contends it was forced to pay.



## **Alaska Pipeline – Potential Claims**

### **Claims of Kanas Telecom/MFS Network Technologies.**

Kanas Telecom ("Kanas") is the owner of a fiber optic telecommunications system which is being installed on its limited rights-of-way acquired from public and private landowners, including lands which are also be subject to certain Trans Alaska Pipeline System ("TAPS") rights-of-way, and on a small amount of TAPS fee property. Kanas has contracted with MFS Network Technologies, Inc. ("MFS") for construction and operation of its fiber optic system. MFS has presented construction claims to Kanas, and Kanas has presented those claims to Alyeska; both assert that Alyeska must pay such. On February 25, 2000, Alyeska terminated the contract with Kanas based on material breach.

### **Claims of Exxon**

Exxon has indicated that it is preserving its right to seek contributions against Alyeska relating to clean up costs incurred by Exxon and the amounts paid by Exxon to the United States and the State of Alaska in settlement of claims for natural resource damages as a result of the grounding of the T/V Exxon Valdez on March 24, 1989. In addition to stating that it is preserving its right to seek contribution relating to those expenditures under maritime law, Exxon Shipping has stated that it is preserving its right to contend that Alyeska, which is the agent of each of the TAPS Owners for operating its interest in TAPS, breached the Port Information Manual between Alyeska and vessels calling at the Valdez Marine Terminal by failing to clean up the oil spill quickly enough, and that Alyeska is therefore liable to Exxon under a theory of implied contractual indemnity. Exxon has not initiated any claims. There is an agreement suspending time limitations and similar time bar or defense periods between Exxon Corporation and the TAPS Owners.

Schedule 3.8(b)

Litigation and Claims

ANS Royalty (Oil) Settlement Agreement, dated September 12, 1990, between Atlantic Richfield Company, ARCO Alaska, Inc., and the State of Alaska, as amended.

ANS Royalty (Gas) Settlement Agreement, dated March 2, 1995, between Atlantic Richfield Company, ARCO Alaska, Inc. and the State of Alaska, as amended.

Stipulation And Final Consent Judgment, dated May 3, 1993, entered in Natural Resources Defense Council Inc. v. ARCO Alaska, Inc., No. A88-287 CIV (D. Alaska), as amended.

1431(o) Consent Agreement, dated August 27, 1997, between Arctic Slope Regional Corporation and Kuukpik Corporation, as amended.

Kuparuk Transportation Company Tariff Settlement - Alaska Public Utilities Commission, Docket No. P-85-2, Order No. 20 (October 29, 1993) and Federal Energy Regulatory Commission Docket No.\_\_\_\_, Order No.\_\_\_\_ (December 27, 1991) accepted the Settlement Agreement between Kuparuk Transportation Company and the State of Alaska which settled past rate disputes and established a methodology for future rate setting through 2006.

Oliktok Pipeline Company Tariff Settlement - Alaska Public Utilities Commission, Docket No. P-95-5, Order No. 2, accepted the Shippers Agreement between Oliktok Pipeline Company and its shippers with respect to rates for transportation through the Oliktok Pipeline, effective January 1, 1995 through the duration of the pipeline's NGL carriage.

Prudhoe Bay Royalty Settlement Agreement of September, 1980, entered as a final judgment in the State of Alaska v. Amerada Hess, et al., Alaska Superior Court, No. 77-847 Civ.

**TAPS**

1. 1984 Quality Bank Settlement:

- FERC: "Order Approving Settlement," Docket No. OR78-1-029, 29 FERC ¶ 61,123 (Oct. 31, 1984)
- APUC: "Order Accepting Settlement Agreement

Establishing a Quality Bank Gravity Differential of 17.5 Cents Per Degree of Difference for Oil Transported over the Trans Alaska Pipeline System (TAPS)," Docket Nos. P-79-1 (Order No. 33), *et al.*, 6 APUC 401 (Nov. 21, 1984)

2. Interstate and Intrastate TAPS Settlement Agreements (TSM)

- FERC: "Order Approving Settlement as to Settling Parties, Granting Application, and Remanding Proceedings as to Nonsettling Parties," Docket No. OR78-1-036, *et al.*, 33 FERC ¶ 61,064 (October 23, 1985)
- FERC: "Order Approving Settlement, Granting Application, Affirming Initial Decision, and Terminating Dockets," Docket No. OR78-1-041, *et al.*, 35 FERC ¶ 61,425 (June 27, 1986)
- APUC: "Order Approving Rates Established by Settlement Agreement for the Intrastate Transportation of Petroleum over the Trans Alaska Pipeline System," Docket No. P-86-2 (Order No. 14), 8 APUC 168 (May 30, 1987)
- APUC: "Order Affirming Bench Order Accepting Settlement Between Petro Star, Inc., and the TAPS Carriers; Disallowing Inclusion of Settlement Amount in Rates; and Accepting Settlement Between the State of Alaska and the TAPS Carriers, Subject to Condition," Docket Nos. P-86-2 (Order 41), *et al.*, (June 25, 1993)

3. Quality Bank II

- FERC: "Order Approving Contested Settlement," Docket Nos. OR89-2-007, *et al.*, 81 FERC ¶ 61,319 (Dec. 17, 1997)
- APUC: "Order Adopting Federal Energy Regulatory Commission Order Approving Contested Settlement; Rejecting Contested Settlements Filed by Tesoro Alaska Petroleum Company and Exxon Company, U.S.A.; Requiring Filing of Tariff Revisions; and Severing Docket P-96-6 for Separate Consideration," Docket No. P-89-1 (Order No. 87), *et al.* (Jan. 13, 1998)

4. Quality Bank – Exxon Tariff Violation Claim

- FERC: "Letter Order," Docket Nos. OR89-2-011, *et al.*, 80 FERC ¶ 61,188, (Aug. 4, 1997)

- APUC: "Order Accepting Settlement of Section V of Complaint of Exxon Company, U.S.A., Filed June 19, 1996, Subject to Condition," Docket No. P-89-1 (Order No. 86), *et al.* (Aug. 29, 1997)
5. Corrosion Case
    - FERC: "Letter Order," Docket Nos. IS90-11-000, *et al.*, 73 FERC ¶ 61,197 (Nov. 13, 1995)
    - APUC: "Order Accepting Settlement, Subject to Condition, and Requiring TAPS Carriers to Identify and Quantify Settlement Costs Including in Intrastate Rates," Docket No. P-90-1 (Order No. 28) (Feb. 23, 1996)
  6. Pumpability Case
    - FERC: "Letter Order," Docket Nos. IS92-3-000, *et al.*, 81 FERC ¶ 61,022 (Oct. 15, 1997)
    - APUC: APUC P-92-2 Order No. 40
  7. Capacity Settlement Agreement
    - FERC: "Order Approving Agreement," Docket Nos. OR96-1-000, *et al.*, 83 FERC ¶ 61,169 (May 15, 1998)
  8. 1994 Rate Case – Post-Employment Benefits other than Pensions (PBOPs)
    - FERC: "Letter Order," Docket Nos. OR94-2-000, *et al.*, 82 FERC ¶ 61,134 (Feb. 12, 1998)
    - APUC: "Order Accepting Settlement of Post-Employment Benefits other than Pensions Issue, Subject to Condition," Docket No. P-94-1 (Order No. 52) (Nov. 17, 1998)
  9. 1994 Rate Case – Public Communication / Governmental Relations (PC/GR)
    - FERC: "Initial Decision Terminating Proceedings, in Part," Docket Nos. IS94-10-003, *et al.*, 81 FERC ¶ 61,200 (Nov. 17, 1997)
  10. 1994 Rate Case – Exxon Valdez Oil Spill Litigation and Settlement (EVOS LS Costs)
    - RCA: "Order Accepting Settlement of *Exxon Valdez* Litigation and Settlement Costs Issue, Subject to Condition, Order Refunds with Interest; Requiring Reports of Refunds and Granting Motion of the State of Alaska to Withdraw Its Protests and Interventions,"

Docket No. P-94-1 (Order No. 80) (Jan. 14, 2000)

11. 1995 Rate Case

- FERC: "Order Granting Interlocutory Appeal," Docket No. IS94-34-000, *et al.*, 79 FERC ¶ 61,230 (May 22, 1997)
- APUC: "Order Granting Motion of the State of Alaska to Withdraw Its Protests and Interventions and Accepting Stipulation of the State of Alaska, the TAPS Carriers, and MAPCO to Terminate Proceeding," Docket No. P-95-1 (Order No. 42) (April 30, 1999)

12. OXY USA Tariff Challenge

- FERC: "Letter Order," Docket No. IS98-4-003, 84 FERC ¶ 61,289 [ATA], Docket No. IS98-5-003, 84 FERC ¶ 61,290 (Sept. 22, 1998)

13. OXY FOIA Request Challenge

- FERC: "Order Adopting Protective Order," Docket No. OR98-3-001, 85 FERC ¶ 61,359 (Dec. 16, 1998)

Schedule 3.10      Compliance with Laws

This schedule incorporates by reference the litigation matters set out in Schedules 3.8(a) and 3.8(b).

Schedule 3.11      Contracts

[None]

Schedule 3.13      Absence of Changes

[None]

Schedule 3.15      Indebtedness

UTP Holdings Indentures

1. \$125,000,000 8-3/8% Senior Notes, due 2005.
2. \$150,000,000 7.00% Mandatory Puttable/Remarketable Securities (MAPs).
3. \$100,000,000 Medium-Term Notes, Series A.
4. \$200,000,000 8.5% senior Notes due 2007.

Bonds

Schedule 5.3      Conduct of Business

Subject to a letter exchanged between Sellers and Purchaser referenced in Schedule 5.6, Sellers will provide bonuses at no cost to Purchaser to specified Key Personnel payable upon the commencement of employment of Key Personnel with Purchaser.

Schedule 5.5(j)

Tax Basis as of December 31, 1999

1. UTP Holdings' tax basis in its partnership interest in Colville River Unit as of December 31, 1999:  
\$165,000,000.00
2. UTP Holdings' share in Colville River Unit's tax basis in Colville River Unit's assets as of December 31, 1999:  
\$165,000,000.00

## Schedule 5.6

### Employee Compensation and Benefits

- 1 Employment. ARCO shall initially prepare a list of ARCO Alaska employees and employees assigned to Pipeline Companies (Category 1 Personnel) and will subsequently prepare a list of other employees engaged in support or services functions or who are otherwise available for employment but not including any employees of ARCO Marine (Category 2 Personnel). ARCO will prepare and present the lists to Purchaser at a date to be agreed upon with Purchaser. Purchaser will continue the employment of all Category 1 Personnel employees from and after the Transition Date (as defined in Section 12 below). Purchaser may make offers of employment, contingent upon Closing to those employees identified as Category 2 Personnel who have indicated an interest to be considered for offers of employment. All Category 1 Personnel who continue in the employment of Purchaser and all Category 2 Personnel hired by Purchaser are hereinafter referred to as "Personnel". For a period of one year following the Transition Date, all Personnel shall be compensated at the same or better salaries or wages, including, without limitation, incentive compensation, that they receive on the Transition Date, and except as provided herein, employee benefit plans and policies that are comparable in the aggregate to those provided to such employees by ARCO or ARCO Alaska at the Transition Date, as appropriate without regard to the benefits described in Section 11 of Schedule 5.6. All such plans and policies are listed in Attachments A and B to this Schedule 5.6. Purchaser agrees to provide employee benefit plans and policies which are no less favorable than those employee benefit plans and policies it provides to its similarly situated employees. To the extent any employee identified as Category 1 Personnel is on military, family or medical leave, Purchaser will continue the employment of such individual after the Transition Date subject to its appropriate military, family or medical leave policies.
- 2 Pension Plans. Effective upon the Transition Date, all Personnel will be vested in the Atlantic Richfield Retirement Plan ("ARRP") and Atlantic Richfield Supplementary Executive Retirement Plan ("ARCO SERP"). Purchaser agrees that subject to Section 11 below, it will include the Personnel in all of its qualified and non-qualified defined benefit pension plan, as defined under Sections 3(35) and



3(36) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") ("**Purchaser Pension Plans**") for which they are eligible, Purchaser Pension Plans will provide that (a) the Personnel will participate in the Purchaser Pension Plans for which they are eligible as of the Transition Date, (b) Personnel will be given service credit for eligibility purposes, including, without limitation, eligibility for early retirement, equal to the number of years of service such Personnel have under the ARRP and ARCO SERP as applicable, and (c) that all Personnel vested in the ARRP and ARCO SERP shall vest in Purchaser's Pension Plans upon hire regardless of years of service. Purchaser Pension Plans will also grant service for benefit accrual service equal to the number of years of benefits accrual service for the Personnel who have an accrued benefit in the ARRP and ARCO SERP and may provide that the benefit that would otherwise actually be payable under its terms to Personnel may be offset by the amount of the actual benefit payable to such Personnel under the ARRP and ARCO SERP, based on the normal form of benefit with respect to a single individual. In no event will the age 65 single life benefit accrued under the Purchaser's Pension Plans for Personnel be less than the benefit such Personnel would receive if only service with the Purchaser were recognized under Purchaser Pension Plans. Purchaser Pension Plans may include such other terms and provisions as determined by Purchaser in its sole discretion to the extent not inconsistent with this Article. ARCO will furnish such information with regard to benefits payable to Personnel under the ARRP and ARCO SERP, and such other information as the Purchaser may reasonably request for purposes of complying with this Article.

- 3 Defined Contribution Plan. Effective as of the Transition Date, Purchaser will amend its qualified defined contribution plan, as defined under Section 3(34) of ERISA ("**Purchaser Defined Contribution Plan**"), to provide (a) that Personnel are eligible to participate in Purchaser Defined Contribution Plan as of the Transition Date on the same terms as other employees of Purchaser, (b) that Personnel's service recognized under the Atlantic Richfield Capital Accumulation Plan ("CAP") will be recognized in Purchaser Defined Contribution Plan for the purposes of eligibility, and (c) that all Personnel vested in ARCO's CAP shall vest in Purchaser Defined Contribution Plan upon hire regardless of years of service. ARCO will provide Purchaser with

information for Personnel verifying the vesting service recognized under the ARCO plans identified herein.

- 4 Savings Plan. Purchaser will allow Personnel at the start of their employment to immediately participate in Purchaser's savings plan or other similar plans established pursuant to Section 401(k) of the Internal Revenue Code ("**Purchaser Savings Plan**"). Purchaser will credit Personnel's prior service with ARCO and its Affiliates for all purposes under Purchaser Savings Plan, including but not limited to, any matching schedules, and all Personnel vested in Atlantic Richfield's CAP (s) shall vest in Purchaser's Savings Plan upon hire regardless of years of service. Purchaser will permit each of the Personnel at his or her option after the Transition Date to transfer his or her Atlantic Richfield CAP accounts as provided under Section 414(l) of the Internal Revenue Code and Treasury Regulation Section 1.411(d)-4, Q&A-3(b), to Purchaser Savings Plan during a window period to be agreed upon by Purchaser and Sellers, and to transfer up to the maximum number of outstanding loan balances to Purchaser Savings Plan under terms and conditions established by Purchaser's plan. Accounts transferred to Purchaser's Savings Plan will be in the form of cash, except to the extent otherwise agreed to by Purchaser.
- 5 Other Employee Benefits. Purchaser will recognize the prior service of Personnel with ARCO and its Affiliates for all purposes, including, without limitation, eligibility, vesting, and benefit determination and accrual, in connection with other employee benefits and policies such as vacations, bonuses, sickness and disability leave and all other employee benefits and policies. Purchaser agrees to provide change of control benefits under its medical, dental and life insurance plans that are comparable to or better than the change of control benefits provided in the comparable ARCO plans, to Personnel whose employment is terminated during the period of twenty-four (24) months following the date of the consummation of the BP Amoco/ARCO Merger either by Purchaser or voluntarily within thirty (30) days following an Adverse Change, in each case under circumstances that would make such Personnel eligible for the change of control benefits provided in the ARCO plans. An Adverse Change means (i) a geographic relocation, (ii) a reduction in base pay and target bonus or (iii) a demotion. For purposes of the immediately preceding sentence, change of control provisions are those provisions that provide for continued plan coverage following termination of employment, which

coverage and employee cost are no less favorable than as in effect immediately prior to a change of control. Personnel and their eligible dependents who are enrolled in medical, dental, life insurance and long-term disability plans available to such Personnel as a result of their employment with ARCO and its Affiliates, will immediately be eligible at the start of their employment to enroll in any plan or plans established by Purchaser that provide similar benefits to its employees. If Personnel enroll in such plans, no physical examination or other proof of insurability will be required. Also, all coverage exclusions and limitations relating to waiting periods or pre-existing conditions with respect to such Personnel or their dependents will be waived. In the event that there is a "qualifying event" (within the meaning of Section 4980B(f)(3) of the Code) for Personnel arising before or at the Transition Date, Sellers will be responsible for perpetuating the group health plan continuation coverage pursuant to Section 4980B of the Internal Revenue Code of 1986, as amended, and Sections 601 through 609 of ERISA for all Personnel and their eligible dependents and will cover such Personnel under appropriate group health plan to accommodate this requirement. In the event there is a "qualifying event" for Personnel arising after the Transition Date, Purchaser will be responsible for perpetuating group health plan continuation coverage pursuant to the statutes described in the sentence above for all Personnel and their eligible dependents and will cover such Personnel under Purchaser's group health plan to accommodate this requirement. Purchaser releases Sellers from and shall fully protect, defend, indemnify and hold Sellers harmless from and against any and all Claims Sellers incur after the Transition Date under the provisions of Section 4980B of the Code or Sections 601 through 609 of ERISA with respect to any Personnel, or dependent or spouse of such Personnel, who had or has a "qualifying event" after the Transition Date, and Sellers shall protect, defend and indemnify Purchaser in the same manner with respect to any Personnel or dependent or spouse of such Personnel who had or has a "qualifying event" before or on the Transition Date. Any expenses incurred prior to and including the Transition Date that are used to satisfy deductibles or co-pay amounts for 2000 under the welfare benefit plans (as defined under Section 3(1) of ERISA) that Personnel or their dependents participated in as a result of their employment with ARCO and its Affiliates immediately prior to the Transition Date may be used to satisfy any deductibles and co-pay amounts for Purchaser's

current plan year under the corresponding plans of Purchaser.

- 6 Accrued and Unused Vacation. From the Transition Date until the end of the calendar year in which the Transition Date occurs, Purchaser will permit the Personnel to take at least the same number of days of unused vacation as they would have been eligible to take under the vacation policy of ARCO, based upon the original hire date of such Personnel by ARCO or its Affiliates.
- 7 Severance. Purchaser acknowledges that both Category 1 and Category 2 Personnel would have been eligible to receive the severance benefits described in the current ARRP, ARCO SERP and the Atlantic Richfield Special Termination Allowance Plan and Policy, as may be applicable, under the terms and conditions set forth in such plans, in effect as of Closing (the "ARCO Severance Plans") had they not continued in employment after the Transition Date or had they not been offered comparable positions with Purchaser, as may be appropriate. Purchaser agrees to provide enhanced retirement and severance benefits (which shall include service with the Purchaser to the termination of employment date) that are comparable to or better than the enhanced retirement and severance benefits described in the ARCO Severance Plans, as applicable upon a Change of Control, (including, without limitation, an equivalent enhanced retirement option, a severance allowance, active and retiree medical benefits, dental benefits, life insurance, educational assistance and excise tax gross-up payment) to Personnel whose employment is terminated during the period of twenty-four (24) months following the date of the consummation of the BP Amoco/ARCO Merger either by Purchaser or voluntarily within thirty (30) days following an Adverse Change, in each case under circumstances that would make such Personnel eligible for the change of control benefits provided in the ARCO benefit plans. Purchaser also agrees to provide out-placement benefits, relocation benefits and financial counseling to such terminated Personnel, with the level of out-placement benefits, relocation benefits and financial counseling actually provided being commensurate with the level of benefits provided by ARCO. For purposes of calculating the severance allowance described in the ARCO Severance Plans, "credited service" will include service recognized under ARCO's severance programs. Purchaser also agrees to include ARCO, its Affiliates, and Sellers as third party beneficiaries in any release executed by

Personnel in order to receive the severance benefits.

- 8 Restriction on Solicitation. For a period of two (2) years after the First Closing Date, Sellers may not solicit the employment of any Personnel nor may Seller hire any Personnel until Personnel have terminated their employment with Purchaser, and further provided that for a period of three years (3) after the First Closing Date, Sellers may not solicit the employment of any Key Personnel nor may Sellers hire any Key Personnel until such Key Personnel have terminated their employment with Purchaser. Key Personnel are identified in a letter exchanged between the parties exchanged prior to the First Closing Date. Any other employment practices applicable to Key Personnel shall be identified in a letter exchanged between Sellers and Purchaser.
- 9 WARN Act. Purchaser represents and warrants that there will be no major employment losses as a consequence of the transactions contemplated by the Agreement that might trigger obligations under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101 et seq., or under any similar provision of any federal, state, regional, foreign, or local law, rule, or regulation (referred to collectively as "WARN Obligations"). Moreover, to the extent that any WARN Obligations might arise as a consequence of the transactions contemplated by the Agreement, it is agreed that ARCO is responsible for any WARN Obligations arising as a result of any employment losses occurring prior to the Transition Date, and Purchaser is responsible for any WARN Obligations arising as a result of any employment losses occurring on and after the Transition Date. Furthermore, for the first 90 days following the Transition Date, Purchaser will not engage in any mass layoff, plant closing, or other action that might trigger obligations of ARCO under the WARN Act or under any similar provision of any federal, state, regional, foreign, or local law, rule, or regulation.
- 10 Nothing in this Schedule 5.6 or in the Master Purchase and Sale Agreement to which it is attached shall prevent the Purchaser from terminating the employment of any Personnel at any time after the Transition Date or, except as specifically provided in this Schedule 5.6, from changing any of the terms and conditions of the employment of any Personnel.
- 11 From the Transition Date through a date to be determined by

Sellers but no later than one (1) year following the Transition Date, Sellers will continue to permit Personnel who are currently participating in ARCO's nonqualified Executive Deferral Plan, and for a one year period following the Transition Date, will continue to allow Personnel who are currently participating in ARCO's Executive Life Insurance Plan and Executive Long-Term Disability Plan, to participate in such plans, as if service with Purchaser were service with ARCO. In addition, for twenty-four (24) months after the date of the consummation of the BP Amoco/ARCO Merger, Sellers will continue to permit Personnel who are currently participating in ARCO's nonqualified Supplemental Executive Retirement Plan to participate in such plan as if service with Purchaser were service with ARCO. Purchaser shall reimburse Sellers for the cost of such benefits.

- 12 The transition services agreements to be entered into pursuant to Section 5.17 of the Master Purchase and Sale Agreement shall provide for the Personnel to remain employed by Sellers and seconded to Purchaser for a *transition period following the First Closing Date*, not to exceed three months. The date on which the employment of Personnel actually transfers to Purchaser following such period of secondment is referred to in this Schedule as the "Transition Date".
- 13 Marine Employees. Sellers shall indemnify Purchaser and ARCO Marine and hold them harmless from and against any and all liabilities arising out of or relating to Employee Plans, or the employment prior to the ARCO Marine Transfer Date, of any employee or former employee of ARCO Marine, including without limitation any liabilities that arise under any collective bargaining agreement, employment agreement or Employee Plan, or as a result of or in connection with the termination of employment of any such individuals. Purchaser shall indemnify and hold Sellers harmless from and against any liabilities relating to any employment matters involving marine operations of Purchaser, ARCO Marine, and/or their successors subsequent to the ARCO Marine Transfer Date. Notwithstanding any other provision of this Schedule 5.6 to the contrary, the employees of ARCO Marine (the "Marine Employees") shall not be considered Personnel for purposes of this Schedule 5.6, and the provisions of paragraphs 1-12 hereof shall not be applicable to the Marine Employees. Prior to the ARCO Marine Transfer Date, Sellers shall terminate all Marine Employees. Thereafter, within sixty days following the Marine Transfer Date,

Purchaser shall offer employment to such Marine Employees as it determines to be appropriate, in accordance with the Memoranda by and between Atlantic Maritime Officers Association and Purchaser dated March 23, 2000 and by and between Atlantic Maritime Employees Union dated March 31, 2000. The terms and conditions of such employment shall include participation in such employee benefit plans as are provided to other similarly situated employees of Purchaser and its Subsidiaries. Purchaser shall not be required to give Marine Employees whom they hire credit for their past service with ARCO Marine, ARCO and its other Affiliates for any purpose, including without limitation for purposes of such employee benefit plans. Sellers may offer employment to any Marine Employee who does not accept employment with, or is not offered employment by Purchaser within 15 days after the Marine Transfer Date, and in the event a Marine Employee accepts employment with a Seller, such Marine Employee is not eligible for severance benefits.

**Attachment A to  
Schedule 5.6**

**ARCO Employee Benefit Plans**

Set forth below is a list of the significant United States-based plans sponsored by ARCO:

1. ARCO Retirement Plan
2. ARCO Capital Accumulation Plan
3. ARCO Medical Plan
4. ARCO Dental Plan
5. ARCO Long-Term Disability Plan
6. ARCO Special Termination Allowance Plan and Policy ("STAP")
7. ARCO Death Benefit Plan
8. ARCO Voluntary Group Accident Insurance Plan I and II
9. Group Life Insurance/Survivor Income Plan for ARCO and its Subsidiaries
10. ARCO Occupational Accidental Death Benefit Plan
11. ARCO Business Travel Insurance Plan
12. ARCO Dependent Care Assistance Plan
13. ARCO Long-Term Care Insurance Plan
14. ARCO Health Care Account Plan
15. ARCO Flexible Spending Account Plan
16. ARCO Vacation Allowance Policy
17. ARCO Non-Occupational Disability Allowance Policy
18. ARCO Financial Counseling Policy



19. ARCO Executive Long-Term Incentive Plan ("ELTIP")
20. ARCO Annual Incentive Plan ("AIP")
21. ARCO Executive Deferral Plan ("EDP")
22. ARCO Supplementary Executive Retirement Plan ("SERP")
23. ARCO Executive Supplementary Savings Plan II
24. ARCO Executive Life Insurance Plan
25. ARCO Executive Long-Term Disability Plan
26. ARCO also maintains employee-related policies (including, but not limited to, moving, educational assistance, expatriate policy, employee assistance, sick, vacation, holiday, bereavement, and jury duty policies) for its employees generally. See Exhibit B to Schedule 5.6.

**ARCO Alaska, Inc. Local Policies**

**AAI Supervisors Manual**

**General Information Index**

Relationships with Employees  
Acceptance of Judicial Process  
Approval Requirements  
Credit Unions

Employment Process  
Employment of Relatives  
Orientation  
Probationary Period  
Employment Records  
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Compensating Time Off  
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Vacations - New Hire Policy  
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Brief Military Reserve Training  
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#### LABOR RELATIONS INDEX

Union Free Operation  
Discipline  
Performance Evaluations  
Employee Problem Resolution  
Solicitation & Distribution of Literature on

AAI Property

**OTHER INFORMATION INDEX**

Annual Travel Allowance  
Alaska Benefits Base  
Service Awards  
Exceptional Contribution Awards  
Van/Dyke Scholarship Fund  
Co-Worker Awards  
Educational Reimbursement

**EQUAL OPPORTUNITY AFFAIRS**

Equal Employment Opportunity  
Harassment  
Internal Complaints/External Charges

ARCO Domestic Relocation Policy (AAI)

AAI GCRP Move Out Policy

AAI DOT Policy

AAI Total Compensation Program

**North Slope Employee Handbook**

**Labor Relations**

- Communications and Open Door Policy
- Employee Problem Resolution Policy
- Union Free Philosophy
- Rules Regarding Solicitation and Distribution of Literature
- Corrective Discipline Procedure
- Drug and Alcohol Policy

**Safety/Health and Environmental**

- Safety
- Reproductive Risk Assessment Procedure
- Environmental Protection Policy

**Employment**

- Policy on Relationships with Employees
- Equal Employment Opportunity

- Employment of Relatives
- Development Opportunities
- Job Posting
- Transfers within the company
- Job Security
- Probationary Period
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#### **Working Regulations and Pay Policies**

- Compensation Policy
- Salary Classifications and Grades
- Work Schedules
- Time Reporting
- Non-Exempt Employee Pay Practices
- Training Pay/Business Travel
- Travel - Remote Locations
- Unusual Travel Time Pay
- Meal Allowance
- Holidays Observed
- Holiday Pay
- Paychecks, Paydays, and Pay Periods
- Understanding Your Employee Earnings Statement

#### **Absences**

- Absences/Tardiness
- Attendance Review Corrective Discipline Procedure
- Illness or Injury Absences
- Return to Work Clearance
- Absence Notification
- Absences, Vacations, Shift Substitutions, Day Exchanges and Leaves
- Vacations'
- Shift Substitution/ Day Exchange
- Regular Two On/Two Off Schedule
- Non- Occupational Disability Plan (Sick Leave)
- Occupational/Industrial Disability Plan
- Excused Absence Plans
- Death in Immediate Family
- Disability in Immediate Family
- Urgent Personal Business
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- Camp Policy
- Employee Personnel File Review
- Bulletin Boards
- Credit Union

**Benefits**

- Educational Assistance Plan
- Employee Assistance Plan
- Matching Gifts Program
- Service Awards
- Van Dyke Scholarship

Schedule 5.7(a) Affiliate Transactions

[None]

Schedule 5.13 Insurance Policies provided by Third Parties

Builders Risk Policy covering ARCO, Avondale Industries Inc. (Builder) and all contractors and sub-contractors re damage and liability during construction process for three Millennium tankers subject to a deductible of \$250,000 per occurrence.

Protection and Indemnity Policy from American Steamship Owners Protection and Indemnity Associates (American Club) Occurrence policy covering ARCO's operating tanker vessels subject to \$100,000 deductible

ARCO has purchased Hull and Machinery insurance for the ARCO Trader (bareboat charter vessel) from the commercial insurance market with a deductible of \$250,000.

Schedule 5.14 Long Term Supply Contracts

1. Alaskan North Slope Crude Oil Sales Agreement by and between U.S. Oil and Refining Co. and BP Oil Supply Company.
2. Alaskan North Slope Crude Oil Sales Agreement by and between Tosco Refining Company and BP Oil Supply Company.
3. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number 2000-1.)
4. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number: 2000-2.)
5. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number: 2000-3.)
6. Alaskan North Slope Crude Oil Sales Agreement by and between Petro Star Inc. and BP Oil Supply Company. (Petro Star Contract Number: 2000-4.)

7. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number: ABS-129-0001.)
8. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number: ABS-129-0002.)
9. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number: ABS-129-0003.)
10. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number: ABS-129-0004.)
11. Alaskan North Slope Crude Oil Sales Agreement by and between Williams Energy Marketing & Trading Co. and BP Oil Supply Company. (Williams Contract Number: ABS-129-0005.)
12. Alaskan North Slope Crude Oil Sales Agreement by and between Equilon Enterprises LLC and BP Oil Supply Company.



## Schedule 8.9

Title Matters

<u>Fields</u>	<u>\$ Value Allocated To APP</u>	<u>Area Participation Percentage ("APP")**</u>
Prudhoe Bay		
Oil Rim PA	\$680 mm	21.9%
Gas Cap PA	\$1,827 mm	42.6%
Greater Pt. McIntyre Area		
Lisburne PA	\$87 mm	40.0%
Pt. McIntyre PA	\$153 mm	30.1%
West Niakuk PA	\$30 mm	50.0%
West Beach PA	\$9 mm	50.0%
North Prudhoe Bay PA	\$9 mm	50.0%
PBU Satellites		
Midnight Sun PA	\$30 mm	48.6%
Sambuca Accumulation	\$38 mm	37.5%
Kuparuk PA*	\$1,474 mm	55.2%
Tarn PA*	\$211 mm	55.3%
Tabasco PA*	\$46 mm	55.3%
West Sak PA*	\$203 mm	55.3%
Alpine PA	\$585 mm	78.0%
Beluga PA	\$90 mm	33.3%

NY12526:19553.5

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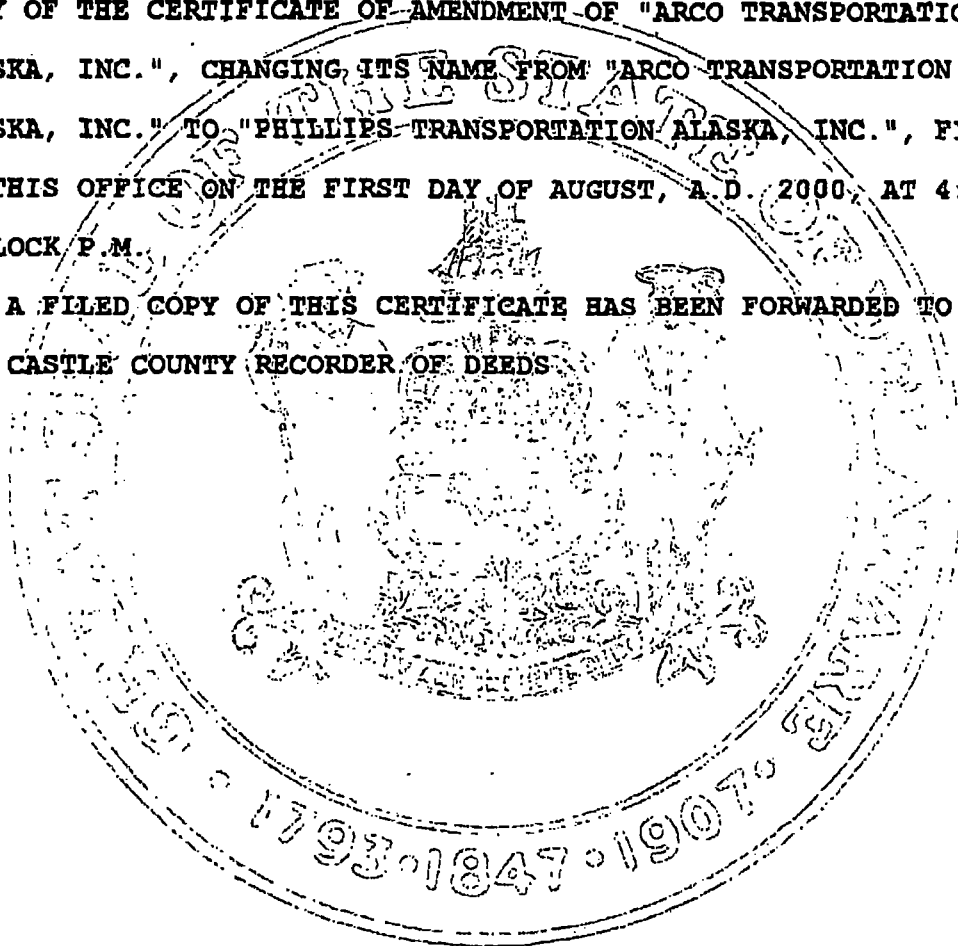
Permitted Encumbrances:
* Obligation under AAI/BPXA/Unocal Alignment Agreement, Greater Kuparuk Area, dated January 1, 1997 to pay AAI's Relative Interests of the following: (i) 20% of Unocal's 4.9506% cost participation interest in the Greater Kuparuk Area, and (ii) 100% of Unocal's obligation for Abandonment for the Greater Kuparuk Area.
** Area Participation Percentages may be subject to redetermination in accordance with the applicable operating agreement and such redetermination may not be asserted as a title defect under Section 8.9(b) of the Agreement.

*State of Delaware*  
*Office of the Secretary of State*

PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "ARCO TRANSPORTATION ALASKA, INC.", CHANGING ITS NAME FROM "ARCO TRANSPORTATION ALASKA, INC." TO "PHILLIPS TRANSPORTATION ALASKA, INC.", FILED IN THIS OFFICE ON THE FIRST DAY OF AUGUST, A.D. 2000, AT 4:30 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



*Edward J. Freel*

Edward J. Freel, Secretary of State

0442416 8100

001388700

AUTHENTICATION:

DATE:

0595126

08-02-00 LDS000197

**CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
ARCO TRANSPORTATION ALASKA, INC.**

\*\*\*\*\*  
Adopted in accordance with the provisions  
of Section 242 of the General Corporation  
Law of the State of Delaware  
\*\*\*\*\*

We, John A. Carrig, Vice President and Treasurer, and N. A. Loftis, Secretary, of ARCO Transportation Alaska, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify as follows:

- I. That the Certificate of Incorporation of said corporation be amended, as follows:

By striking out the whole of Article FIRST thereof as it now exists and inserting in lieu and instead thereof a new Article FIRST, reading as follows:

"The name of the Corporation is

**PHILLIPS TRANSPORTATION ALASKA, INC."**

- II. That such amendment has been duly adopted in accordance with the provisions of the General Corporation Law of the State of Delaware by the authorization of the sole stockholder entitled to vote in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, we have signed this certificate this 1st day of August 2000.

ATTEST:

ARCO TRANSPORTATION  
ALASKA, INC.

N. A. Loftis  
N. A. Loftis, Secretary

By John A. Carrig  
John A. Carrig  
Vice President and Treasurer

*NAJ*

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# News

Phillips Petroleum Company  
Public Relations  
Bartlesville, Oklahoma 74004  
<http://www.phillips66.com>



**CONTACTS:**

Kristi DesJarlais (media) 918/661-6117  
Howard Thill (investors) 918/661-4757

**FOR IMMEDIATE RELEASE**

## **Phillips Completes Alaska Acquisition, Revises Capital Budget**

*Company acquires remaining assets – pipeline interests, tankers*

BARTLESVILLE, Okla., Aug. 3, 2000 --- Phillips Petroleum Company [NYSE: P] today announced it has completed its acquisition of ARCO's businesses in Alaska. The \$965 million second and final closing completed Aug. 1 involves Phillips' acquisition of certain pipeline interests and marine assets. The first closing occurred April 26 and included ARCO's exploration and production assets in Alaska.

This closing brings the total cash paid and debt assumed for the acquisition to just under \$6.5 billion. Including the additional payments Phillips may make to BP based on a formula tied to the price of crude oil\*, the total acquisition cost will be less than \$6.9 billion.

Assets included in the second closing are a 22.3 percent interest in the Trans Alaska Pipeline System, interests in other infrastructure pipelines and three double-hulled tankers currently under construction. Phillips paid \$700 million in cash for these assets and assumed \$265 million in debt.

To reflect the completion of the acquisition, as well as the closing of the joint-venture transactions in the company's chemicals and midstream segments, Phillips has revised its 2000 capital budget to \$2.3 billion, excluding the approximately \$6.5 billion for the Alaskan acquisition and any payments tied to the price of crude oil. The original 2000 capital budget was \$1.8 billion. The company's direct capital spending programs for the midstream and chemicals segments ended at the close of the first and second quarters, respectively.

"The acquisition in Alaska is a significant part of our strategy of growing our exploration and production business," said Jim Mulva, Phillips' chief executive officer. "As we demonstrated with our second-quarter results, the acquisition has already had a substantial impact on our upstream business and corporate financial position: doubling our worldwide reserves, significantly increasing daily crude oil production and playing a key role in our strong operating earnings performance.

- more -

LDS000199

"The company's debt balance, upon completion of the second closing and including the debt assumed in this transaction, is less than \$8.1 billion, which shows continued improvement in our debt reduction efforts relative to the end of the last quarter," Mulva continued. "We expect to further decrease our debt and improve our debt-to-capital ratio by year end, in keeping with our plan to continually improve our financial position."

At the time of the first closing, it was announced that the Prudhoe Bay Unit (PBU) equity interests of Phillips, BP and ExxonMobil would be realigned and a single operatorship would be established. Phillips' interest is approximately 36 percent. BP is operator of PBU, while Phillips operates the Kuparuk and Alpine units – the other major fields on the North Slope.

Phillips is an integrated petroleum company engaged in oil and gas exploration and production worldwide; gas gathering, processing and marketing in the United States; refining, marketing and transportation operations, primarily in the United States; chemicals and plastics manufacturing and sales around the globe; and technology development. Founded in Bartlesville, Okla., in 1917, the company had 14,800 employees, \$20 billion of assets and \$20 billion of annualized revenues as of June 30.

- # # # -

\* Note: The acquisition agreement calls for Phillips to make additional payments to BP during periods when the West Texas Intermediate/New York Mercantile Exchange average monthly price for crude oil exceeds \$25 per barrel. These payments are subject to a \$500 million limit or a five-year term, and were effective Jan. 1, 2000. Phillips has made payments based on this formula of approximately \$138 million related to the first six months of this year.

CAUTIONARY STATEMENT FOR THE PURPOSES OF THE "SAFE HARBOR" PROVISIONS  
OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

*This press release contains forward-looking statements about Phillips' exploration and production business, the acquisition of all of ARCO's Alaskan businesses, Phillips' revised capital budget, and debt levels. Where in any forward-looking statement, Phillips has expressed an estimate, potential expectation or belief as to the future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, there can be no assurance that the statement of expectation or belief will result or be achieved. The actual results may be affected by a variety of risks, which could cause the stated expectation or belief to differ materially. Some of the important risk factors, but not necessarily all such factors that may cause expectations or results to differ perhaps materially, are contained in Phillips' reports with the Securities and Exchange Commission ("SEC"). Copies of the company's SEC filings are available by calling Phillips at 918-661-3700. These reports are also available through Phillips' Web site at <http://www.phillips66.com>. Phillips undertakes no obligation to update the information in this release.*

LDS000200

# Delaware

PAGE 1

*The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "PHILLIPS TRANSPORTATION ALASKA, INC.", CHANGING ITS NAME FROM "PHILLIPS TRANSPORTATION ALASKA, INC." TO "CONOCOPHILLIPS TRANSPORTATION ALASKA, INC.", FILED IN THIS OFFICE ON THE TWENTIETH DAY OF FEBRUARY, A.D. 2004, AT 3:27 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



0442416 8100

040122691

*Harriet Smith Windsor*

Harriet Smith Windsor, Secretary of State  
AUTHENTICATION: 2943262

DATE: 02-20-04 LDS000201

**CERTIFICATE OF AMENDMENT**  
**OF**  
**CERTIFICATE OF INCORPORATION**  
**OF**  
**PHILLIPS TRANSPORTATION ALASKA, INC.**

Phillips Transportation Alaska Inc, a Delaware corporation, does hereby certify that the following amendment to its Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

The name of the corporation is changed, effective as of February 20, 2004, by amending the present article FIRST to read as follows:

FIRST. The name of the corporation is  
ConocoPhillips Transportation Alaska, Inc.

Executed on February 20, 2004

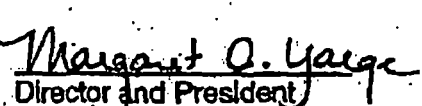
Attest:

PHILLIPS TRANSPORTATION ALASKA INC.

By:

  
Assistant Secretary  
L. C. Munoz

By:

  
Director and President  
M. A. Yaege  
Authorized Person



State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 03:29 PM 02/20/2004  
FILED 03:27 PM 02/20/2004  
SRV 040122691 - 0442416 FILE  
LDS000202



**CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
PHILLIPS TRANSPORTATION ALASKA, INC.**

Phillips Transportation Alaska Inc, a Delaware corporation, does hereby certify that the following amendment to its Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

The name of the corporation is changed, effective as of February 20, 2004, by amending the present article FIRST to read as follows:

FIRST. The name of the corporation is  
ConocoPhillips Transportation Alaska, Inc.

Executed on February 20, 2004

Attest:

PHILLIPS TRANSPORTATION ALASKA INC.

By: L. C. Munoz  
Assistant Secretary  
L. C. Munoz

By: Margaret A. Yaege  
Director and President  
M. A. Yaege  
Authorized Person



LDS000203



## News Release

July 18, 2000

### TEPPCO ACQUISITION OF ARCO PIPE LINE APPROVED BY FEDERAL TRADE COMMISSION

HOUSTON – Texas Eastern Products Pipeline Company, LLC, the general partner of TEPPCO Partners, L.P., (NYSE:TPP) today announced that it has received approval from the Federal Trade Commission (FTC) to acquire the assets of ARCO Pipe Line (APL) Company. TEPPCO expects to close the transaction, valued at \$318.5 million, by July 20.

"We are pleased that the FTC has approved TEPPCO's acquisition of ARCO Pipe Line," said William L. Thacker, chairman, president, and chief executive officer of the general partner of TEPPCO. "We expect the acquisition will be accretive to both income and cash flow on an annual basis in 2001. We will integrate the two organizations to take advantage of the synergies being afforded by this transaction, while maintaining the same high quality service our customers have come to expect."

The ARCO Pipe Line assets include APL's interest in the Seaway crude transportation pipeline from the Texas Gulf Coast to Cushing, Okla.; crude oil terminal facilities in Midland, Texas, and Cushing, including the line transfer and pumpover business at each location; an undivided ownership interest in both the Rancho Pipeline and the Basin Pipeline; and APL's West Texas Trunk System.

Except for the historical information contained herein, the matters discussed in this news release are forward-looking statements that involve certain risks and uncertainties. These risks and uncertainties include, among other things, market conditions, governmental regulations and other factors discussed in TEPPCO's filings with the Securities and Exchange Commission.

TEPPCO Partners, L.P. is a publicly traded master limited partnership, which conducts business through two operating companies. TE Products Pipeline Company, Limited Partnership is one of the largest common carrier pipelines of refined petroleum products and liquefied petroleum gases in the United States. TEPPCO Crude Oil, LLC is a crude oil gathering, transportation, storage and marketing company operating primarily in Texas and Oklahoma. Texas Eastern Products Pipeline Company, LLC, which is an indirect wholly owned subsidiary of Duke Energy Field Services, LLC, is the general partner of TEPPCO Partners, L.P. For more information, access TEPPCO's Website at [www.teppco.com](http://www.teppco.com).

Contact: Kathleen A. Sauvé  
Phone: 713/759-3635  
24 Hour Phone: 704/382-8333  
Email: [ksauve@duke-energy.com](mailto:ksauve@duke-energy.com)  
Contact: Brenda J. Peters  
Phone: 713/759-3954  
24 Hour Phone: 704/382-8333  
Email: [media\\_relations@duke-energy.com](mailto:media_relations@duke-energy.com)

LDS000204

**CERTIFICATE OF CONVERSION  
OF  
ARCO PIPE LINE COMPANY  
TO  
ARCO PIPE LINE COMPANY L.L.C.**

**July 19, 2000**

**UNDER SECTION 266 OF THE GENERAL CORPORATION LAW  
OF THE STATE OF DELAWARE AND SECTION 18-214 OF THE  
DELAWARE LIMITED LIABILITY COMPANY ACT**

ARCO Pipe Line Company, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Company"), DOES HEREBY CERTIFY THAT:

1. *Name of Company to be Converted.* The Company was originally incorporated under the name "Four Corners Pipe Line Company." Pursuant to the Certificate of Merger dated December 20, 1994, the name of the Company was changed to ARCO Pipe Line Company, which is the name of the Company immediately prior to this conversion.

2. *Original Date and Jurisdiction of Incorporation.* The original certificate of incorporation of the Company was filed on January 21, 1957, with the Secretary of State of the State of Delaware.

3. *Name of Limited Liability Company.* The name of the limited liability company into which the Company will be converted is ARCO Pipe Line Company L.L.C.

4. *Approval of Conversion.* This conversion has been approved in accordance with the provisions of Section 266 of the General Corporation Law of Delaware and Section 18-214 of the Delaware Limited Liability Company Act.

5. *Effective Time.* The conversion of the Company to a limited liability company shall be effective as of 3:01 p.m. on the date this Certificate of Conversion is filed with the Secretary of State of the State of Delaware (the "Effective Time").

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Conversion as of the Effective Time.

ARCO PIPE LINE COMPANY

By:

Print Name:

Title:



Steven A. Fisher

Vice President

**CERTIFICATE OF FORMATION  
OF  
ARCO PIPE LINE COMPANY L.L.C.**

July 19, 2000

This Certificate of Formation, dated July 19, 2000, has been duly executed and is filed pursuant to Sections 18-201 and 18-214 of the Delaware Limited Liability Company Act (the "Act") in connection with the conversion of a Delaware corporation to a limited liability company (the "Company") under the Act.

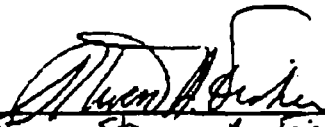
1. **Name.** The name of the Company is ARCO Pipe-Line Company L.L.C.
2. **Registered Office; Registered Agent.** The address of the registered office required to be maintained by Section 18-104 of the Act is:

1209 Orange Street  
Wilmington, Delaware 19801

The name and address of the registered agent for service of process required to be maintained by Section 18-104 of the Act are:

The Corporation Trust Company  
1209 Orange Street  
Wilmington, Delaware 19801

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation, effective as of 3:01 p.m. on the date above.

By:   
Print Name: Steven A. Fisher  
Title: Vice President

**CERTIFICATE OF CONVERSION  
OF  
ARCO PIPE LINE COMPANY L.L.C.  
TO  
TEPPCO APL, L.P.**

**July 21, 2000**

**UNDER SECTION 18-216 OF THE DELAWARE LIMITED LIABILITY COMPANY ACT AND  
SECTION 17-217 OF THE LIMITED PARTNERSHIPS ACT OF THE STATE OF DELAWARE**

**ARCO Pipe Line Company L.L.C., a limited liability company organized and existing under  
and by virtue of the Delaware Limited Liability Company Act, DOES HEREBY CERTIFY THAT:**

- 1. *Name of Company to be Converted.*** The name of the Company immediately prior to this conversion was "ARCO Pipe Line Company L.L.C.", which was formed pursuant to a Certificate of Formation filed with the Secretary of State of Delaware on July 19, 2000.
- 2. *Original Date and Jurisdiction of Formation.*** The Company was originally incorporated as a Delaware corporation under the name "Four Corners Pipeline Company" pursuant to a Certificate of Incorporation filed with the Secretary of State of Delaware on January 21, 1957.
- 3. *Name of Limited Partnership.*** The name of the limited partnership into which the Company will be converted is TEPPCO APL, L.P.
- 4. *Approval of Conversion.*** This conversion has been approved in accordance with the provisions of Section 18-214 of the Delaware Limited Liability Company Act.
- 5. *Effective Time.*** The conversion of the Company to a limited partnership shall be effective as of the filing of this Certificate of Conversion with the Secretary of State of the State of Delaware (the "Effective Time").

*[signature page to follow]*

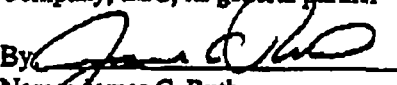
**IN WITNESS HEREOF**, the undersigned has executed this Certificate of Conversion as of the Effective Time.

**ARCO Pipeline Company L.L.C.,**  
a Delaware limited liability company

By: **TEPPCO Crude Pipeline, LLC**, its sole Manager

By: **TCTM, L.P.**, its sole member

By: **Texas Eastern Products Pipeline  
Company, LLC**, its general partner

By:   
Name: **James C. Ruth**  
Title: **Vice President, General Counsel  
and Secretary**

**CERTIFICATE OF LIMITED PARTNERSHIP  
OF  
TEPPCO APL, L.P.**

This Certificate of Limited Partnership of TEPPCO APL, L.P. (the "Partnership") is executed and filed pursuant to the provisions of Section 17-201 of the Delaware Revised Uniform Limited Partnership Act (the "Act"), by TEPPCO Crude GP, LLC, a Delaware limited partnership (the "General Partner"), as general partner of the Partnership. The General Partner DOES HEREBY CERTIFY as follows:

1. The name of the limited partnership is TEPPCO APL, L.P.
2. The address of the registered office of the Partnership in the State of Delaware and the name and address of the registered agent of the Partnership required to be maintained by Section 17-104 of the Act at such address are as follows:

<b>Name and Address of Registered Agent</b>	<b>Address of Registered Office</b>
The Corporation Trust Company Corporation Trust Center 1209 Orange Street Wilmington, New Castle County, Delaware 19801	Corporation Trust Center 1209 Orange Street Wilmington, New Castle County, Delaware 19801

3. The name and business address of the General Partner are as follows:

TEPPCO Crude GP, LLC  
2929 Allen Parkway, Suite 3200  
Houston, Texas 77019

*[signature page to come]*



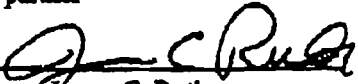
IN WITNESS WHEREOF, the General Partner has executed this Certificate of Limited Partnership as of the 21st day of July, 2000.

**GENERAL PARTNER:**

**TEPPCO Crude GP, LLC**, a Delaware limited liability company

TCTM, L.P., its sole member

By: Texas Eastern Products Pipeline Company, LLC,  
its general partner

By:   
Name: James C. Ruth  
Title: Vice President, General Counsel  
and Secretary

**CERTIFICATE OF MERGER**

TEPPCO Crude Pipeline, L.P., a limited partnership organized under the Delaware Revised Uniform Limited Partnership Act (the "Act"), for the purpose of merging with another entity pursuant to Section 17-211 of the Act, hereby certifies that:

1. The name and jurisdiction of formation or organization of each of the domestic limited partnerships or other business entities that are constituent entities are:

<u>Name</u>	<u>Jurisdiction</u>
TEPPCO Crude Pipeline, L.P.	Delaware
TEPPCO APL, L.P.	Delaware

2. An agreement of merger has been approved and executed by each domestic limited partnership or other business entity which is a constituent entity.

3. The name of the surviving domestic limited partnership is TEPPCO Crude Pipeline, L.P.

4. The merger shall become effective upon the filing of this Certificate of Merger.

5. The agreement of merger is on file at the following place of business of the surviving domestic limited partnership: 2929 Allen Parkway, Suite 3200, Houston, Texas 77019.

6. A copy of the agreement of merger will be furnished by TEPPCO Crude Pipeline, L.P., on request and without cost, to any partner of any domestic limited partnership or any person holding an interest in any other business entity which is a constituent entity.

IN WITNESS WHEREOF, this Certificate of Merger has been duly executed as of the 21<sup>st</sup> day of August, 2000, and is being filed in accordance with Section 17-211 of the Act by the general partner of the surviving domestic limited partnership thereunto duly authorized.

TEPPCO CRUDE PIPELINE, L.P.

By: TEPPCO Crude GP, LLC, its General Partner

By: William L. Thacker, Jr.  
Name: William L. Thacker, Jr.  
Title: Chief Executive Officer

STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 03:00 PM 08/21/2000  
001423456 - 2937455

**CERTIFICATE OF CONVERSION  
TO NON-DELAWARE ENTITY**

This Certificate of Conversion to Non-Delaware Entity is being duly executed and filed by TEPPCO Crude GP, LLC, a Delaware limited liability company, to convert TEPPCO Crude Pipeline, L.P., a Delaware limited partnership (the "Converting Entity"), to TEPPCO Crude Pipeline, L.P., a Texas limited partnership (the "Converted Entity"), under Section 17-219 of the Delaware Revised Uniform Limited Partnership Act (6 Del. C. § 17.101 et seq.), as amended ("DRULPA"), and Sections 10.154 and 10.155 of the Texas Business Organizations Code, as amended.

1. The name of the Converting Entity immediately prior to filing of this Certificate of Conversion to Non-Delaware Entity is "TEPPCO Crude Pipeline, L.P."
2. The Converting Entity filed its original certificate of limited partnership with the Delaware Secretary of State on July 21, 2000.
3. The name of the Converted Entity into which the Converting Entity is to be converted as set forth in the Converted Entity's certificate of formation is "TEPPCO Crude Pipeline, L.P.", and it shall be formed and governed under the laws of the State of Texas.
4. The conversion has been approved in accordance with Section 17-219 of the DRULPA.
5. The Converting Entity may be served with process in the State of Delaware in any action, suit or proceeding for enforcement of any obligation of the Converting Entity arising while it was a limited partnership of the State of Delaware, and it irrevocably appoints the Delaware Secretary of State as its agent to accept service of process in any such action suit or proceeding.
6. The address to which a copy of the process shall be mailed to the Converting Entity by the Delaware Secretary of State is: 1100 Louisiana Street, Houston, Texas 77002.
7. The conversion shall become effective at 11:59 p.m., Eastern Time, on June 30, 2007, in accordance with the provisions of Section 17-219 of the DRULPA.

IN WITNESS WHEREOF, the undersigned, being the sole general partner of both the Converting Entity and the Converted Entity has executed this Certificate of Conversion to Non-Delaware Entity to be effective June 30, 2007.

TEPPCO CRUDE GP, LLC

By: 

William G. Manias, Vice President  
and Chief Financial Officer

**FILED**  
In the Office of the  
Secretary of State of Texas

JUN 28 2007

**CERTIFICATE OF CONVERSION**

**Corporations Section**

This Certificate of Conversion is being duly executed and filed by TEPPCO Crude GP, LLC, a Delaware limited liability company, to convert TEPPCO Crude Pipeline, L.P., a Delaware limited partnership (the "Converting Entity"), to TEPPCO Crude Pipeline, L.P., a Texas limited partnership (the "Converted Entity"), under Section 17-219 of the Delaware Revised Uniform Limited Partnership Act (6 Del. C. § 17-101 et seq.), as amended ("DRULPA"), and Sections 10.154 and 10.155 of the Texas Business Organizations Code, as amended, and hereby certifies that:

1. The name of the Converting Entity immediately prior to filing of this Certificate of Conversion is "TEPPCO Crude Pipeline, L.P."
2. The name of the Converted Entity into which the Converting Entity is to be converted as set forth in such Converted Entity's certificate of formation is "TEPPCO Crude Pipeline, L.P."
3. Prior to the conversion, the Converting Entity was formed as a limited partnership under the laws of the State of Delaware, and its address was 1100 Louisiana Street, Houston, Texas 77002. The Converting Entity was initially formed on August 25, 1998, as a limited liability company with the name DEPL, LLC under the laws of the State of Delaware. The Converting Entity changed its name to TEPPCO Crude Pipeline Company, LLC on December 21, 1998, and converted to a limited partnership under the laws of the State of Delaware and changed its name to TEPPCO Crude Pipeline, L.P. on July 21, 2000.
4. A signed plan of conversion is on file at the principal place of business of the Converting Entity, and the address of the principal place of business of the Converting Entity is: 1100 Louisiana Street, Houston, Texas 77002.
5. A signed plan of conversion will be on file after the conversion at the principal place of business of the Converted Entity, and the address of the principal place of business of the Converted Entity is: 1100 Louisiana Street, Houston, Texas 77002.
6. A copy of the plan of conversion will be furnished on written request without cost by the Converting Entity before the conversion or by the Converted Entity after the conversion to any owner or member of the Converting Entity or the Converted Entity.
7. The plan of conversion has been approved as required by the laws of the State of Delaware and the governing documents of the Converting Entity.
8. The conversion shall become effective at 10:59 p.m. on June 30, 2007.

IN WITNESS WHEREOF, the undersigned, being the sole general partner of both the Converting Entity and the Converted Entity has executed this Certificate of Conversion to be effective June 30, 2007.

TEPPCO CRUDE GP, LLC

By: 

William G. Manias, Vice President and  
Chief Financial Officer

**RECEIVED**

**JUN 28 2007**

**Secretary of State**

40329305.2

**LDS000214**

**FILED**  
In the Office of the  
Secretary of State of Texas

**JUN 28 2007**

**CERTIFICATE OF FORMATION  
OF  
TEPPCO CRUDE PIPELINE, L.P.**

**Corporations Section**

This Certificate of Formation of TEPPCO Crude Pipeline, L.P., having been duly executed by the undersigned general partner, is being filed to form a limited partnership under the Texas Limited Partnership Law, part of the Texas Business Organization Code, as amended (the "TLPL").

1. Entity Type and Name. The type of filing entity being formed is a limited partnership, and the name of the limited partnership being formed is TEPPCO Crude Pipeline, L.P.
2. Registered Office and Registered Agent. The street address of the initial registered office of the limited partnership being formed is 1021 Main Street, Suite 1150, Houston, Texas 77002, and the name of its initial registered agent at such address is CT Corporation System.
3. Principal Office. The address of the principal office of the limited partnership being formed in the United States where records are to be kept or made available under Section 153.551 of the TLPL is 1100 Louisiana Street, Houston, Texas 77002.
4. General Partner. The name and address of the general partner of the limited partnership being formed are: TEPPCO Crude GP, LLC, 1100 Louisiana Street, Houston, Texas 77002.
5. Formed Pursuant to Conversion. This limited partnership is being formed pursuant to a plan of conversion. The name of the converting entity is TEPPCO Crude Pipeline, L.P. (the "Converting Entity"). Prior to the conversion, the Converting Entity was formed as a limited partnership under the laws of the State of Delaware, and its address was 1100 Louisiana Street, Houston, Texas 77002. The Converting Entity was initially formed on August 25, 1998, as a limited liability company with the name DEPL, LLC under the laws of the State of Delaware. The Converting Entity changed its name to TEPPCO Crude Pipeline Company, LLC on December 21, 1998, and converted to a limited partnership under the laws of the State of Delaware and changed its name to TEPPCO Crude Pipeline, L.P. on July 21, 2000.
6. Effective Date and Time. The formation of the limited partnership shall be effective at 10:59 p.m. on June 30, 2007.

Executed to be effective June 30, 2007.

TEPPCO CRUDE GP, LLC

By: 

William G. Manias, Vice President  
and Chief Financial Officer

**FILED**  
In the Office of the  
Secretary of State of Texas  
JUN 28 2007

**CERTIFICATE OF MERGER**

**Corporations Section**

Pursuant to Section 10.151 of the Texas Business Organizations Code, as amended, the undersigned submit this Certificate of Merger for the purpose of effecting a merger (the "Merger") of TEPPCO Crude Pipeline, L.P., a Texas limited partnership (the "Constituent Limited Partnership"), with and into TEPPCO Crude Pipeline, LLC, a Texas limited liability company (the "Surviving Entity"), and hereby certify that:

1. The name and jurisdiction of organization of each of the Constituent Limited Partnership and the Surviving Entity are as follows:

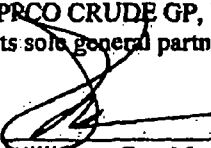
<u>Name</u>	<u>Jurisdiction of Organization</u>
TEPPCO Crude Pipeline, L.P.	Texas
TEPPCO Crude Pipeline, LLC	Texas

2. The Surviving Entity will survive the Merger, and the separate existence of the Constituent Limited Partnership will cease when the Merger takes effect.
3. No amendments to the certificates of formation of either the Constituent Limited Partnership or the Surviving Entity are desired to be effected by the Merger.
4. A signed plan of merger is on file at the principal place of business of the Surviving Entity, and the address of such principal place of business is 1100 Louisiana Street, Houston, Texas 77002.
5. A copy of the plan of merger will be on written request furnished without cost by the Surviving Entity to any member of the Surviving Entity or partner of the Constituent Limited Partnership.
6. The plan of merger has been approved as required by the laws of the State of Texas and the governing documents of the Constituent Limited Partnership and the Surviving Entity.
7. The merger shall become effective at 11:59 p.m. on June 30, 2007.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Merger to be effective June 30, 2007.

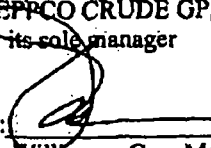
TEPPCO CRUDE PIPELINE, L.P.

By: TEPPCO CRUDE GP, LLC,  
its sole general partner

By:   
William G. Manias, Vice  
President and Chief Financial  
Officer

TEPPCO CRUDE PIPELINE, LLC

By: TEPPCO CRUDE GP, LLC,  
its sole manager

By:   
William G. Manias, Vice  
President and Chief Financial  
Officer

RECEIVED

JUN 28 2007

Secretary of State

LDS000216

**TEXAS SECRETARY of STATE**  
**HOPE ANDRADE**[UCC](#) | [Business Organizations](#) | [Trademarks](#) | [Notary](#) | [Account](#) | [Help/Fees](#) | [Briefcase](#) | [Logout](#)**BUSINESS ORGANIZATIONS INQUIRY - VIEW ENTITY**

**Filing Number:** 10341506      **Entity Type:** Foreign For-Profit Corporation  
**Original Date of Filing:** January 23, 1995      **Entity Status:** In existence  
**Formation Date:** N/A  
**Tax ID:** 17412781712      **FEIN:**  
**Name:** ARCO PIPE LINE COMPANY  
**Address:** PO BOX 06325  
Chicago, IL 60601 USA  
**Fictitious Name:** N/A  
**Jurisdiction:** DE, USA  
**Foreign Formation Date:** N/A

<u>REGISTERED</u> <u>AGENT</u>	<u>FILING HISTORY</u>	<u>NAMES</u>	<u>MANAGEMENT</u>	<u>ASSUMED NAMES</u>	<u>ASSOCIATED</u> <u>ENTITIES</u>
<b>Name</b> CT CORPORATION SYSTEM			<b>Address</b> 350 N. St. Paul St., Ste. 2900 Dallas, TX 75201-4234 USA		<b>Inactive Date</b>

[Order](#)[Return to Search](#)**Instructions:**

- To place an order for additional information about a filing press the 'Order' button.

LDS000217